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This Month's Cover

DENVER

Denver began when a frontiersman named John Simpson Smith settled with his Indian wife alongside a frozen creek in Colorado. During the Winter a Missouri man, George Jackson, went prospecting up a nearby ravine, prodded the ground with his knife, gaped at a gold nugget when the knife came out. Nearby the Summer previous a Georgian named Russell had had the same experience. Denver sprang into being around Smith's shack. It was the day of Pike's Peak or Bust: rumble of Conestoga wagons, sugar and coffee selling at almost their weight in raw gold. In 1861, four years after the first shack, Denver was incorporated as a city. In 1865 an itinerant artist named A. E. Mathews drew it and J. Bien of New York lithographed it. Their print is reproduced on the front cover through courtesy of the New York Public Library. . . . Thanks to a fortunate combination—that its history was not always as even-paced as its bracing climate, Denver today is favored as a tourist resort. It stands one mile above sea level, plains rolling north, east, and south, while at its back loom the metal studded mountains. Esthetically, the city is noted for its 35 parks, its collection of pueblo Indian art, and its Grecian civic center. . . . Statistically, Denver industries lead the State's economy. The pure gold which coats Colorado's State Capitol dome shines above some 600 Denver manufacturing establishments, 76.4 per cent of the State's total. Wholesaling is an important business, totalling $261,593,000. Denver's 316,000 citizens have 101 automobiles and 99 radios per 100 families. Beet sugar, mining, and livestock are principal industries.

DUN'S REVIEW
for
JUNE, 1940

HEADS OF WASHINGTON, JEFFERSON, AND THEODORE ROOSEVELT, BLACK HILLS, SOUTH DAKOTA— PHOTO BY HARRIS & EWING

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A Necessary Investment for the Future

A WOOD-ENGRAVING BY ALEXANDER ANDERSON, FROM THE DUYCKINK COLLECTION, NEW YORK PUBLIC LIBRARY

APPRENTICESHIP

WILLIAM F. PATTERSON

Chief of Apprenticeship, Division of Labor Standards, United States Department of Labor

WHAT sound investments of public funds can we make to build a stronger nation? In a recent survey posing this question the training of skilled labor ranked first in the votes of white collar workers and those under forty years of age, and first in the votes of executives.

For industry is aware that technological displacements have not cancelled the need for skill. It draws an uneasy inference from the long neglect of apprenticeship and from the figures of each successive census, revealing a greater number of workers classed in the skilled occupations. It realizes that the man, as well as the boy, grows older. And it asks how many workers engaged in skilled occupations without benefit of apprenticeship may be depended upon to meet the more and more exacting demands for the highest order of skill opened up by new industrial horizons.

Certain employers may say with some fairness that they cannot bestir themselves greatly about apprenticeship during the lean years. Or those with a realistic view of their probable future needs are reluctant to employ in times of unusual business activity a greater number of apprentices than they can take care of under normal conditions. But one and all agree that the continued neglect of apprenticeship will mean before long a scarcity of skilled workers even in times of normal operation.

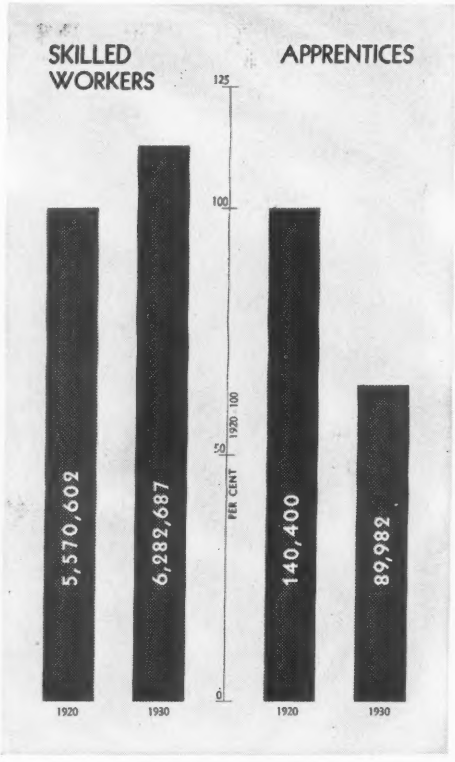
It would therefore seem to be as good business policy to build up a competent labor force through apprenticeship as to inaugurate research for the improvement of machines and processes. It would seem to be enterprising business policy to endorse apprenticeship as a necessary investment against future need. And enterprising business men today are for the most part doing something about apprenticeship, or planning to do something soon. Moreover, they are asking how other business men are meeting or are planning to meet, through apprenticeship, their future skilled worker needs.

There is undoubtedly a wide diversity of opinion and of practice. One person sees in apprenticeship an orderly period of training on the job, under the coaching of a skilled journeyman and a seasoned foreman. He sees it as beginning with the basic practice and the theoretical knowledge necessary to the trade, and increasing in complexity as the young person's skill moves ahead. Another may merely see in apprenticeship an excuse to employ green hands at less than the established wage, trusting that the boy will acquire trade skill through the pores of his skin as a result of ex-

posure to it in his daily work. Still another—with an incomplete grasp of the reality behind the tradition—gives lip service to the idea, but leaves to chance or to inclination the amount of time and of training devoted to the apprentice.

But the man who himself has served an apprenticeship looks back to his own youth for a pattern. He remembers the good work habits that were drilled into him, the pride over the task under his hand, the sense of sober responsibility, the sense of becoming a part of something larger than himself that grew out of the ordered and gradual progression toward mastery of his trade. Out of his own experience he recognizes the value of a carefully planned apprenticeship for the workers on whom his industry must one day depend.

Such a plan includes a schedule of the major processes and the principal branches of the trade in which the apprentice is to be trained, with the approximate amount of time to be devoted to each. It takes account of the growing complexity of modern industry, with its demand that today's and tomorrow's apprentice have a solid background of knowledge in subjects related to his trade. It makes provision for the necessary hours of related instruction and draws upon the vocational education authorities and the resources of the community for courses supplemental to training on the job.



These ten-year-interval comparisons of the numbers of skilled workers and apprentices are intended to suggest only approximate trends. Much difficulty was encountered in obtaining a correct enumeration of apprentices because of the vagueness of the term in popular usage, the Bureau of Census points out. The "skilled workers" total, furthermore, includes trades for which no apprentices are listed.

Such a plan takes into account, too, the question of the wages the apprentice is to be paid. It recognizes that the young worker will make comparatively small return in the early stage of his apprenticeship. If at the outset he is paid only 25 per cent, say, of the journeyman's established wage, the needed time and attention can be devoted to his training on the job. But the planned apprenticeship also takes into account the apprentice's growing value as time goes on. It therefore sets up, as fair to both employer and apprentice, a graduated wage scale—averaging over the whole period of the apprenticeship at least 50 per cent of the journeyman's pay.

A person of little or no experience with apprenticeship may shy at the idea of a written agreement between himself and the apprentice. Another understands that apprenticeship has always meant a period of learning on the job to which both employer and apprentice bound themselves: the one to teach the trade or to see that it was taught; the other to acquire skill and knowledge. He realizes, too, that the written agreement is of value in that it constitutes a blueprint of what the apprenticeship is to accomplish.

An employer may mean to have the young worker put through the paces; but unless he provides for his foreman or journeymen to give apprentices the needed supervision and instruction, forces of inertia or the temptation to put production first may deflect them from their purpose, or at least make the training content of the apprenticeship haphazard and to that extent valueless. Often, too, the lack of an agreement defining the duration of apprenticeship and charting successive steps in training may result in a young person needing six or seven years instead of four to acquire mastery of a trade.

Experience has demonstrated that the agreement makes for order, efficiency, and stability in all apprenticeship arrangements. Not only do apprentices rarely break an agreement; the agreement has a psychological effect on them, on their parents, and on everyone else concerned, so that they make every effort to see that the contract is completed. Wherever records have been kept, the turnover of apprentices under agreement has been less than half the turnover of the regular force.

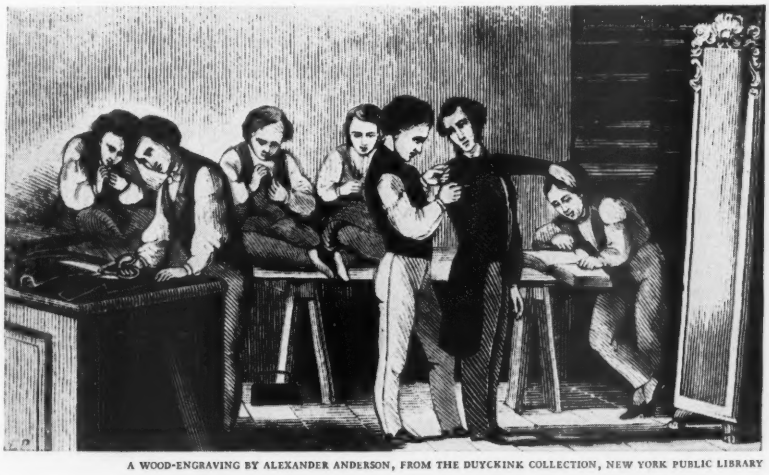
And so out of a wide diversity of opinion, out of a mingling of good practices and of bad, certain basic principles emerge. Excellent apprenticeship systems have for many years been maintained by a handful of the larger companies and by a wider scattering of the smaller ones, whether backed by greater resources or faced by a more constant and acute need for skill, or both. But even these companies are interested in know-

ing what is being done in the field of apprenticeship by others in their own and in other industries, and whether their standards for training apprentices are as high and their specifications as thorough as possible.

To meet this need, to act as a clearing house for the best apprenticeship practice—these are among the main objectives in the promotion of apprenticeship by the Federal government. Consider for a moment the heart of the Congressional act, the passage of which in 1937 made the promotion of apprenticeship a permanent responsibility of the United States Department of Labor:

". . . to promote the furtherance of labor standards of apprenticeship. . . to extend the application of such standards by encouraging the inclusion thereof in contracts of apprenticeship, *to bring together employers and labor for the formulation of programs of apprenticeship,* to co-operate with State agencies engaged in the formulation and promotion of standards of apprenticeship. . ."

Set up logically under the Division of Labor Standards, the apprenticeship unit of that division is literally the servant of the situation. It is primarily a facilitating agency, with its small corps of field representatives available to supply technical advice and assistance where a trade or an industry wants to inaugurate an apprenticeship system or to strengthen one already in existence. The Federal government seeks the extension of apprenticeship into fields and areas where it may be needed but has not previously existed; it enumerates certain basic fundamentals for the training of the country's future skilled workers; it aims eventually to bring all young workers entering the skilled trades under such standards.



A WOOD-ENGRAVING BY ALEXANDER ANDERSON, FROM THE DUYCKINK COLLECTION, NEW YORK PUBLIC LIBRARY

But in the national promotion of apprenticeship, the need for decentralization was recognized from the outset. It was obvious that State and local groups wherever possible should handle their own apprenticeship problems and meet their own skilled worker needs. The principal function of the Federal government is to provide requested assistance to State and local groups; to promote and stimulate their formation; to supply information on what is being done in other localities; and to coordinate the program as a whole. To date twelve States have enacted voluntary apprenticeship legislation,[1] and twenty have set up State apprenticeship agencies.[2] These are generally known as State Apprenticeship Councils, and since the apprentice is an employed worker they function logically under State labor departments. In addition to promoting apprenticeship among industries within the State, the Apprenticeship Council also supplies advice and assistance to employers desiring to set up apprenticeship systems in their own plant or industry.

Voluntary legislation such as this—legislation compelling no one to comply, but merely designating agencies of government to assist industry in a specific task—is plainly based on the pressure of demand; on the premise that people will voluntarily co-operate in its objectives. That industry has co-operated, that both management and labor have seen eye to eye on the fundamentals of apprenticeship, is evidenced by the fact that in approximately 494 instances to date employers and workers throughout the country have come together to inaugurate local apprenticeship systems and to draw up sound, thoroughgoing apprenticeship specifications for their trade or industry.

Over widely scattered geographical areas these agreements have covered workers in a great many trades: airline mechanics, auto mechanics, machinists, operating engineers, bricklayers, carpenters, electrical workers, painters, plasterers, lathers, plumbers, steamfitters, asbestos workers, sheetmetal workers, iron and steel workers, die sinkers, patternmakers, molders, and many others. Negotiations have been completed and apprenticeship standards adopted in five major aircraft companies: three aircraft manufacturers and two air carriers. Specifications for apprenticeship systems are also being developed by seven other aircraft companies.

[1] Arkansas, California, Colorado, Kentucky, Louisiana, Massachusetts, Minnesota, Nevada, North Carolina, Oregon, Virginia, Wisconsin.

[2] Arkansas, California, Connecticut, Florida, Indiana, Illinois, Iowa, Kentucky, Massachusetts, Minnesota, Nevada, New Mexico, North Carolina, Ohio, Oregon, Pennsylvania, Vermont, Virginia, Washington, Wisconsin.

The joint participation of employers and workers makes apprenticeship possible where it has never before been able to function. The Federal Committee on Apprenticeship is made up of representatives of employers, of labor, and of the government agencies affected. But the Federal Committee as a national advisory and a policy-making body, the apprenticeship unit of the Division of Labor Standards as an administrative agency, and the various State apprenticeship agencies can only gather together, formulate, and recommend the general principles for building a sound, thoroughgoing apprenticeship system. It is for those directly concerned in each local situation to do the actual building, calculating stresses and strains according to local conditions. And having built their apprenticeship system, it is for the local employers and workers to see that it is maintained according to specifications.

Experience has demonstrated the unwisdom of attempting to set up apprenticeship for a plant, an industry, or an area without taking into account the stake that workers have in such an enterprise. An apprenticeship program formulated and set up entirely by management will fail to command the co-operation of the workers necessary for the success of the program. On the other hand, without joint participation, labor may fail to take into consideration the problems of production and the many other problems with which employers must cope. But where the facts are jointly considered by employers and workers, where decisions are based upon the common interest, it is possible to solve all the problems relating to the establishment and the operation of an apprenticeship system.

In a situation, for example, demanding the lay-off of apprentices as well as of the regular force, there dwells the difficult question of determining which apprentices shall be laid off first, which shall be returned first to employment. Establishing quotas requires not only determination of the number of apprentices to be trained in proportion to the number of journeymen, but also taking into account present and future employment opportunities. These questions demand the best intelligence of management and labor.

It is wasteful for an industry to train more apprentices than can be absorbed into regular employment. It is hardly fair to expect an apprentice to spend important, formative years of his life preparing for a field in which he may be unable to find employment. And it is hardly fair to the skilled workers who have invested their time in such training. It is therefore a matter of deep concern to both management and labor that they thoroughly canvass the field before setting up their plans for taking on and for training apprentices.

On the other hand, there is no basis in experience for employers to feel that the participation of workers means encroachment upon the rightful prerogatives of management. As a matter of fact, apprentice supervisors have declared repeatedly that labor's interest has been of inestimable value in the conduct of the program, often ironing out problems before they could complicate a situation. Management of course makes the final decision on the apprentice it will hire. It is, however, frequently to the employer's advantage to enlist the co-operation of a joint apprenticeship agency or of a local employment service in registering all applicants and in screening out only the most eligible candidates for the employer's final selection.

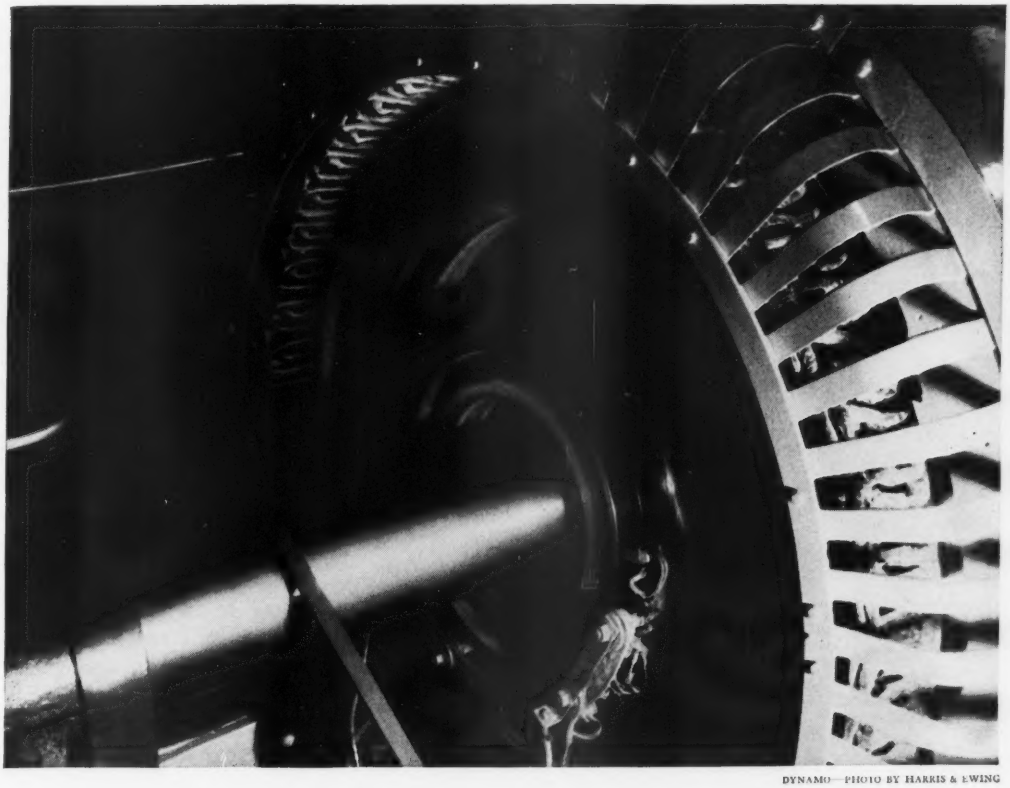
The joint interest of management and of labor in the maintenance of an adequate supply of skilled workers has given rise to the development of national apprenticeship standards. National standards are an attempt to gather up the general apprenticeship experience of a trade or an industry for the common good to synthesize the best in that experience. They are, in effect, a code for the national conduct of apprenticeship in a particular trade or industry.

Formulated typically by the national employers' association and by the national labor organization for the industry, national standards are ratified and adopted by the respective organizations in their national conventions. The parent organizations then recommend that their local chapters put these standards into as widespread and as vigorous operation as possible. Plumbers, painters, and steamfitters have already adopted national apprenticeship standards. National standards are also nearing completion for die sinkers and plasterers and lathers, and are being developed for fifteen other trades.

National apprenticeship standards put employers in the same industry on a more equal basis. They spread the responsibility for and the advantages of training apprentices among all the employers of the industry. They give assurance that measures of skill are reasonably uniform. They protect an industry against taking on workers who have merely picked up a smattering of the trade.

Opinions, practices, legislation, facilitating agencies, and the co-operation of employer, employee, and government—all these separate aspects of the institution of apprenticeship considered together bring us to larger questions. Before we reach fixed conclusions, they deserve much thought. What place is apprenticeship to have in the country's industry? What part will it play in the development of new industrial frontiers? How are we to have skilled labor to man and to service the ever more intricate machine?

PRICE CONTROL *by* GOVERNMENT



DYNAMO—PHOTO BY HARRIS & EWING

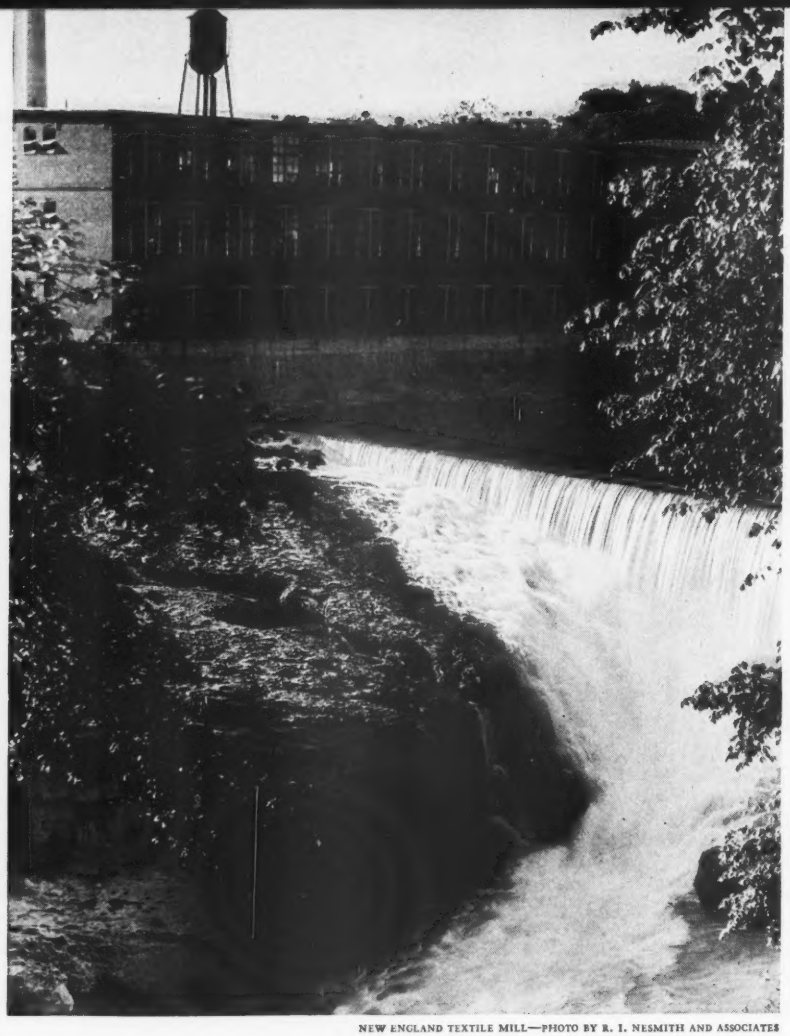
EDWIN B. GEORGE
Economist, DUN & BRADSTREET, INC.

FOR reasons of personal safety, an offhand reference to the subject of "Price Control by Government" is not to be recommended. One has to be prepared to cope with any one of an infinite variety of reactions. There is the stark, elemental upsurge of the citizen who regards it as a crime that there should have to be such a topic. Another person, vaguely aware of the government, may put it down as the cost of a book of statistics; in a particularly penetrating moment he may go so far as to deplore Washington's effort to raise wheat prices and plough under little pigs.

Or one may chance on a member of that earnest school which no longer expects price flexibility in business to be achieved through natural means, and therefore feels that some portion of the privilege and responsibility of determining competitive prices has been defaulted to government. These views are merely samples. The best informed opinions can vary with the area, manner, and force in which the government's influence is exerted. And the spread of all three is wide.

First of all it is necessary to understand that ever since the evolution of our present capitalistic system, price has been regarded as the great equalizer, or co-ordinator, of the infinite variety of man's business activities. Its performance of that function might be halting and invisible, but it was all there was. It has never been very far out of the minds of people whose business it is to think about the operation of our economic system as a whole.

That is on the scientific side. On the popular side there are two facts of life operating in sequence that are always able to drag science down to the level of street-corner speculation, and there subject it to rather rough handling. They are: first, that the larger the number of people who cannot eat, the more attention will be paid to theories ordinarily regarded as impractical or radical; second, the more disposed the country is to experiment with theories, the more attention will be paid to price as



NEW ENGLAND TEXTILE MILL—PHOTO BY R. I. NESMITH AND ASSOCIATES

one of the factors ordinarily regarded as vital for its ability to make or break business stability, and therefore always available as subject matter for political action.

That happens to have been the psychological level on which we have been travelling since 1929 and on which, with diminished optimism in some quarters, we still rest.

One of the simpler bits of evidence supporting this reasoning is the formal conclusion reached some time ago by President Roosevelt's Price Study Committee, which was comprised of the Secretaries of Treasury, Agriculture, and Labor and the Chairman of the Federal Reserve Board:

"An important factor that determines whether we shall succeed or be blocked in our endeavor to attain full employment and a high level of income is the behavior of prices. . . . Prices of different groups of products must be kept in balanced relations to one another."

Obviously, this is sultry country. In the effort to get anywhere there must first be an adjournment to the comparatively cool atmosphere of simple classification. The subject seems to have three broad segments: What types of governmental interference have actually emerged over the past decades? (with emphasis on the conception of price as the equalizer of our economic system.) What ideas are still in the offing with which we may have to concern ourselves? What weaknesses have developed in the theory and practice of governmental price making?

It should be pointed out immediately that there is no clear-cut policy running throughout all the departments of government, causing every official and myrmidon to speak with a single voice. There is no more unanimity among people because they are in a government than if they were anywhere else. Scattered around the many departments are not only various and sundry powers over price, but various and sundry ideas as to what government should still do about price.

Even Within

For that matter, splits and cleavages can run through single official bodies as easily as between them. Sometimes they are volcanic and violent, sometimes intellectual, and sometimes principally neurotic; in the main they can probably be dismissed as the normal differences of opinion to be found everywhere among intelligent men. The Securities and Exchange Commission has apparently been divided regarding the merits of competitive bidding in the sale of securities. Fiery exchanges between majorities and minorities in the Supreme Court itself are significant not merely for their own sake, but for the deep fissures throughout sprawling government formations that they sometimes dramatize.

Many policies necessarily take form with an eye to special situations, just as do those of business executives intent on their own proper affairs—after which either is apt to become statecraft without benefit of design. They sometimes harmonize in ragged fashion; normally they will criss-cross; often they will meet in head-on conflict.

Specifically, they can range from outright governmental monopolies to complete lack of awareness, or at least to disbelief, that certain actions thought desirable will have any effect on price at all. Oddly enough, it happens that a great many of the patches in this crazy quilt do have a sufficient similarity of texture to permit a rough classification. A common way of arranging them is as follows: (1) the pricing of government's own services, as in the case of the mails, fees, licenses,

and government publications; (2) price fixing by commission, as in the case of the railroads and public utilities and, more recently, coal; and (3) efforts to fix the plane of competition by the prohibition or regulation of specific practices, with prices themselves left at the disposal of competition as thus limited. In these days of agitation over the wheezy working of our system as a whole, a fourth distinct type has emerged in the form of government competition with industries heavily freighted with public interest as in the bitterly controversial case of the TVA.

For our purposes, however, it is probably best to look at the specific controls that have been set up in terms of both their present nature and their potentialities for further development. Any list would have to be merely illustrative, but in that sense the following is offered (in terms either of established practice or publicized purposes of the sponsors):

1. Prices on own service

a. Postal service—the classic example.

2. Direct control over industry prices

a. Coal—minimum prices fixed primarily for the purpose of maintaining labor standards.

b. Railroads—rate-fixing developed over the years, arising originally from chaotic competition and destructive discrimination.

c. Public utility regulation—rates fixed principally by State commissions. Federally they do these things differently, notably by building competitive plants at strategic spots on the theory that too much complacency is cultivated in an officially completely protected industry, too much rate-hiking for the support of inflated financial structures, too much reliance on obsolete plants, too little penetration of the low-rate, high-volume levels of consumption that have been so effectively developed by some of our competitive industries, and the political inability of State regulatory bodies to take the place of the force of competition in maintaining standards of efficiency.

Rebuttal takes the form of insistent emphasis on steadily expanding facilities, increased operating efficiency, and declining rates over the long pull. From all of which springs a separate and highly specialized war.

d. Silver purchase policy, to protect investment and labor in Western mines.

3. Indirect controls over price

a. Federal Reserve powers, notably open market operations, control over reserves, and rediscount rates (largely ineffective now because of the dizzy heights to which our excess bank reserves and gold holdings have soared).

b. Interstate oil compacts—to hold wastage of a vital national resource in check.

c. Tariffs—to protect American industries from lower-priced foreign competition—or, in some cases, just from competition.

d. Gold and monetary policies—to *raise* excessively flexible prices, notably those of farm products, and to keep money cheap as a stimulus to new enterprise.

HARRIS & EWING

e. Anti-trust laws—to *lower* excessively rigid prices by suppressing monopoly and collusive action.

f. The AAA and its successor, the Soil Conservation Act—to restore so-called parity of agricultural prices with industrial prices.

g. General labor legislation, anti-yellow dog contracts, anti-injunction acts, National Labor Relations Act—not passed with a view to raising prices, but having such a result through their effect on cost—an effect which while real sometimes becomes pretext as well as cause.

h. Taxes.

i. Neutrality and Johnson Acts—curtailing foreign markets—and probably to that extent acting as a price depressant—in the interests of a momentarily more urgent national purpose.

j. SEC regulation of security offerings and exchange activities.

4. Government establishing limits of price or influencing the establishment of limits.

a. Labor legislation having direct bearing on costs, as, for example, the Wage and Hour Law, Walsh-Healey Act.

b. Fair trade, unfair practice laws, the Robinson-Patman Act—the response of Congress to pressure groups, and incidentally running counter to much basic administration theory. Some sections of government, however, approved the principle of the Robinson-Patman Act.

5. Psychological pressures and propaganda

a. Continued reiteration of doctrines of price parity and flexibility looking toward *elevation* of farm prices and *depression* of certain types of industrial prices.

b. The President's public condemnation of high industrial prices in 1937 in conjunction with upping of bank reserve requirements by Federal Reserve Board.

c. Rumored private pressure or persuasion on steel industry in 1939 to the end of preventing a war boom.

d. Congressional hearings marked by obvious concern over price disparities, as in the case of the recent Temporary National Economic Committee hearings.

e. Consumers' agencies within government, notably the Consumers' Counsel of the AAA, to a lesser extent the public attitude of the Bureau of Labor Statistics.

It is perfectly obvious that many of the foregoing policies have become positive at particular points of price disturbance—railroads and coal—while others are aimed in a general and sometimes vague way at improving the responsiveness of prices to each other. And it will also have been noticed that quite a number of the activities listed do not flow from price policies at all. They are policies looking toward other objectives, such as social security and the protection of labor, but which must have at least a long-term effect on prices.

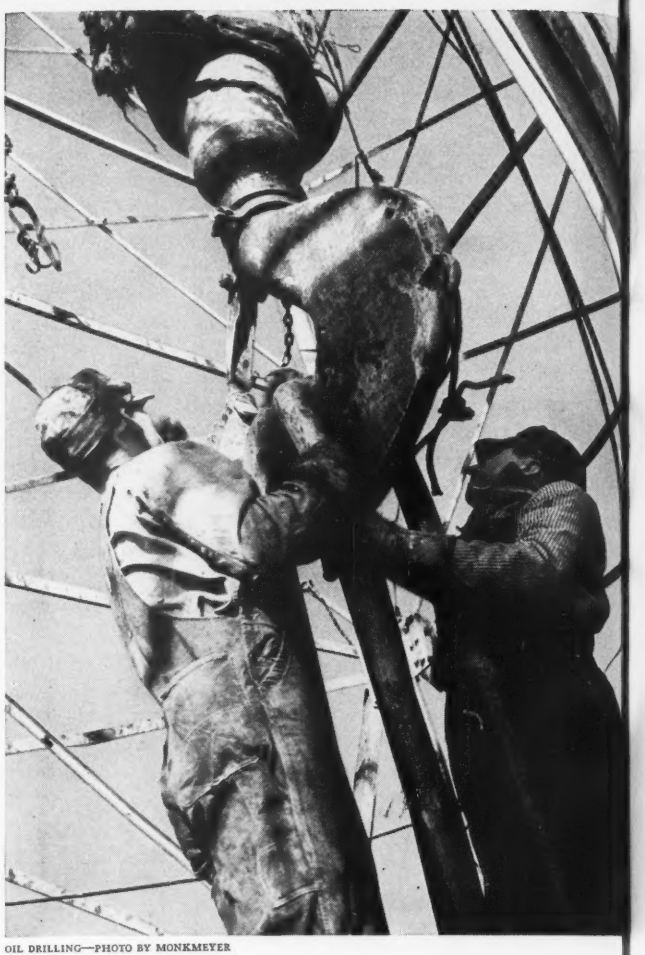
Some are of the planning, coordinating, and balance-seeking type; some are for the alleviation of obvious distress believed to have wide social consequences; some the simple result of business pressure; and still others, the peculiarly democratic fruit of power politics. All of these motives can be present in a single policy, or at least in the manner in which it is carried out.

Drag or Necessity

One way of opening discussion on the merits of these devices is to say, with respect to the more controversial among them, that many government officials believe them to be necessary to the better working of our economy and that most business men regard them as a drag on whatever efficiency we already have. Aside from the merits, the actual arguments offered by both sides are frequently misrepresented.

For the sake of providing a common battle ground, an effort will be made here to identify some of the contentions upon which the antagonists seem willing to stand. The issues are so complicated that the task of exposition alone is enough for one magazine article.

Despite the diversity of practice, most of the current excitement over the government's intervention in price-making arises out of its passion for making prices serve what it regards as their traditional purpose of stimulating maximum use of our national resources. Its spokesmen pound incessantly on the theme that price is the link, and the only substantial link, by which a commodity is bound to other commodities in the common competitive system.



OIL DRILLING—PHOTO BY MONKMEYER

The principle of price making by competition in a free and open market is deeply imbued in common law, the anti-trust acts, public policy, and the mass mind. Perhaps above all others, it lies at the heart of our capitalistic system. It is hard to override it without arousing resentment. Such being the case, the gods must be at least gently amused at the spectacle we present of business and government mutually accusing the other of violating so sacred a creed. For both of them are right, and neither can help itself completely, which paradox does no more than raise the question of the degree to which we are merely supplying corrective touches to our favorite system or tending to discard it.

For it is a fact that prices today sometimes respond to influences that are so remote from ordinary supply and demand relationships as to make it difficult for apologists to explain them away even by calling them exceptions. Much of the merchandise we make today calls for such heavy investment as to result in high capital charges which competitors by common impulse try to protect in their price and production schedules. Joint products and by-products give rise to price oddities explainable only in terms of Popeye's immortal "I yam what I yam."

Markets sometimes become disorganized by excessive competition or duplication of plant and service, as a result of which the market is very apt to yield its normal automatic control to special devices such as discrimination, tying contracts, "fighting lines," secret rebates, and eventually perhaps successful or unsuccessful attempts at self-rescue through collusion.

Other markets are afflicted by an inadequacy of competition, which leads

to the imposition of controls answerable only to their authors. Tariffs and patent laws—whether fully justified or not in their present form is beyond the present question—shelter many important areas from the cutting blasts of competition. In certain industries mass distributors have become so powerful as to occasion the slow rigging-up of weird and unpredictable price structures in the books of their manufacturing suppliers, even sometimes when the latter are equally powerful.

Off in another direction we come upon that ancient and durable animal, the so-called "lying buyer," a phrase which in more temperate language may be regarded as a symbol of disruptive ignorance in the market-place. The wooing of consumers in behalf of innumerable national brands, with eloquent advertising experts doing a magnificent John Alden job, has resulted in price performances that to put it mildly are highly individualistic. Farmers' co-operative and labor unions have injected rigidities into so many price structures—at least to the extent that cost influences price, profits, and new investment—that the room for free play is markedly reduced.

And it is true of course that there are such things as lobbies and pressure groups with whom price stabilization is never entirely out of mind. Over the last half century we have had a considerable growth in business concentration, which although sometimes entirely natural and sometimes manipulated, for non-economic purpose, is apt to rule out price changes of the fluid, rippling type which are supposed to keep our manifold commodities in some sort of exchange adjustment with each other.

Rigid Prices

In particular, a great hue and cry has been raised about so-called rigid prices. These are prices that remain relatively firm or actually rise through all kinds of business weather, in counter distinction to those that fall out of bed at light touches of adversity. The principal ground of resentment here is that where prices are rigid, something else has to give and it usually turns out to be production and employment and other prized ingredients here and there in our national standard of living.

Theodore Kreps pointed out in a study of price problems for the book recently edited by Willard Thorp on "Economic Problems in a Changing World" that in the area of wholesale prices nearly 40 per cent by value of the articles examined were offered at prices that were quite or relatively indifferent to changing market conditions. The reasons for this independence are many, and it is in itself a major task to classify them even so broadly as to natural and artificial categories.

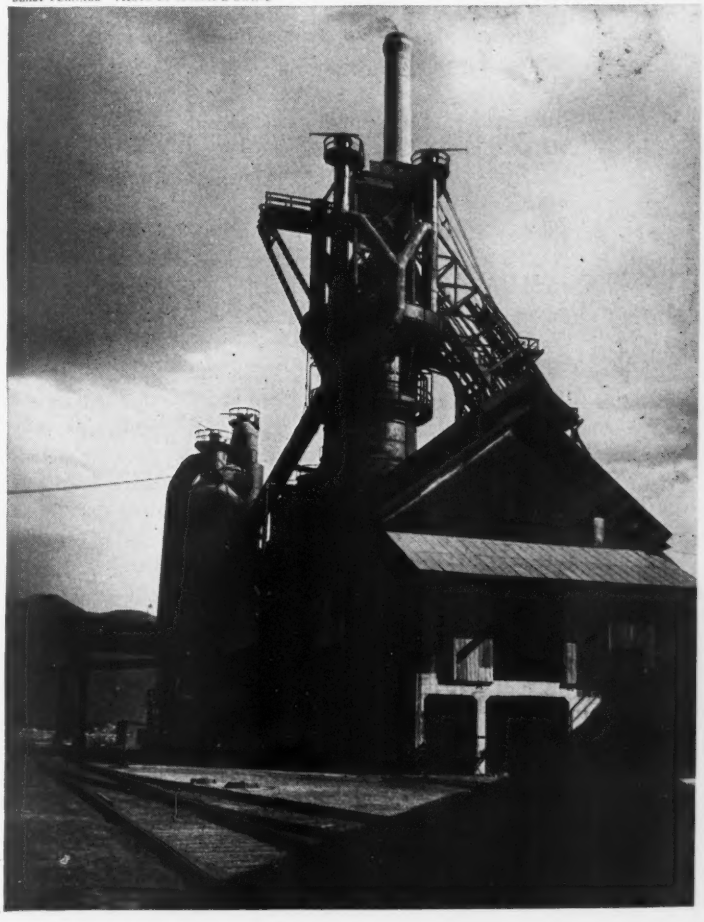
At any rate, disregarding the question of moral or economic responsibility, at the one extreme prices are the children of nature while at the other they bear the plain imprint of man-made economy. Meanwhile, behind all these scenes, the courts, Congress, the State legislatures, the trade associations, the labor unions, the economic associations, the prosecuting agencies, the relief organizations, and the church sociables, for that matter, may be trying to get you to do something about your prices and in some cases obliging you to do it. It is obvious that many, many prices conform to no fixed pattern, but might rather have been elements in the intriguing game described by Gilbert and Sullivan (and adapted to this topic by Kreps) as played "with twisted cue on cloth untrue with elliptical billiard balls."

This is the kind of situation with which the government feels itself to be confronted. To be fair about it, official attitudes are usually more worried than accusing. They are perfectly sure that there never has been such a thing as "pure competition" in the theoretical sense, and that we are not going to have it now. They can understand how, in a world of growing complexity, deviations from that ideal have become increasingly marked, even though they regard the historical indifference of business to the anti-trust laws and historical laxity of government in enforcing them, as bearing a good deal of the responsibility.

Not What, But How

Be that as it may, the problem as it appears to many of them now is not whether to engage in bold departures from free competition, but how to co-ordinate or provide counter-weights for the departures from it that have already been made. And neither would we be quite fair, in this case at least, in regard-

BLAST FURNACE—PHOTO BY HARRIS & EWING



ing the line-up as one of the New Deal against the world. Weighty and respected authorities in both business and academic worlds go along with the general diagnosis, although often disagreeing violently—which is very important to final consideration of the issue—with many of the attempted solutions.

Vital Fluid

The essence of all this is that prices are the vital fluid of the whole economic process, and that whether or not it is anybody's fault or merely attributable to changes in the character of the goods we are principally making, the fluid is accused of congealing. In economic language it might be said that Adam Smith's unseen hand, never robust, is showing signs of palsy. If nothing happened but dismissal of an old theory, there would be regrets but not complaints. But too many people feel it to be no coincidence that concurrently with this deep-lying change has come increased instability in the working of our entire system, in employment, in our standard of living, and that to some unknown extent there is involved a cause and effect relationship.

To complicate the picture, government price controls have also emerged from a quarter far removed from wistful theories. When pressure groups become strong enough to make an effective bid for price control by law, Congress will pass a law. Organized retailers achieved such strength, and we have resale price maintenance and minimum mark-up laws. Industry's strength in this area is traditional, and for decades we have had tariff walls towering far above whatever original modest height may have been laid out for them in economic blueprints. The silver purchase plan is distinguished principally for its dearth of friends, but it is still on the books.

When Congress passes such laws it does not usually do so in defiance of fundamental principle. It simply follows the human practice of thinking in terms of the particulars of which it is aware, the limited number of things it can see with its physical eyes. It peers at distress in the coal mines and decrees minimum prices for coal. It feels distress at the sight of farm foreclosures and passes all sorts of laws.

This part of government is essentially a government of lawyers, who deal with specific cases and perhaps without any great amount of thought for the implications beyond those cases. It does its talking and preambling in terms of the general economy, but its acting in the name of vocal constituents and its often genuine personal sympathies. In the proper mood it cannot stand suffering even though its cures may spread the suffering thinly but generally. Its attitudes are often an odd mixture of concern over national problems in the rôle of statesmen, and obsequiousness to pressure groups in the rôle of men who want to keep on being statesmen.

Now it is quite possible that an economic approach would also say, in some of these cases, that here is distress that ought to be relieved, but it would usually recognize that relief, including commercial relief, is often a cost to the general economy for which everybody else must pay unless it can be shown to add to general or long range productivity. For all these reasons, believers in more governmental price control are often as dismayed over some of the price fixing that the government has actually done as over the areas it has neglected. Anyway it is still a democracy.

To meet the issue squarely, when the administration puts restrictions on private activity or tries to lift some of those that business has put on itself, it is all done in the belief that our system has become so artificial, structurally, that only by both kinds of action can any kind of equilibrium be restored. When farm acreage is curtailed and pigs ploughed under by the Soil Conservation Program, the idea is that industrial output is so paralyzed by tariffs and rigid prices, monopoly, collusion, price leadership, and similar devices, that agricultural buying power must be raised by hook or by crook if the plane of commodity exchange by which we live is to be kept level. Goods cannot move freely if they have to keep climbing up and down higgledy-piggledy price steps to make any contact at all.

That is also the official philosophy lying behind the incessant drives on utility rates and on the prices of durable goods. For decades, although most pronounced in recent years, that has been the theory underlying the anti-trust laws. One of the most daring applications of those laws that has ever been attempted is in Mr. Arnold's present swoop on the construction industry with a net calculated to catch erring manufacturers, distributors, retailers, contractors, and unions in one all but incredible embrace. The strands of this net are widely spaced, and the population in this industry is of the teeming variety. Nevertheless, believes Mr. Arnold, the mere evidence of intention and of a will to carry it through will create an atmosphere in which uneconomic practices can no longer flourish.

Pat and Simple

The necessary corollary to this theory is that most of the restraints on the construction industry are disliked by most of the members of the industry itself, that all they need is a show of support against what has been an effective minority. You might almost say that here again what is involved is a flat plane of pressure, on which any single prosecution is a point of impingement driving the whole plane downward. This is exciting and dangerous business, but it must not be interpreted apart from the administration's basic idea that without free and easily moving prices there can be no sustained prosperity. Indeed many of the moves necessary to effectuate such a policy would have to be harsh, for the theory is pat and simple, while business is complex and eccentric.

For a long time, perhaps always, it will remain an open question as to the

(Continued on page 43)

HOW CONSUMER PURCHASES VARY *with the* SEASONS *in* 29 REGIONS

L. D. H. WELD
Director of Research
McCann-Erickson, Inc.

"EVERYBODY *talks* about the weather," Mark Twain once observed, "but nobody *does* anything about it."

Equally, since the memory of man, everybody has talked about seasonal holidays and celebrated them. And, like the weather, nobody does anything about them, or if he does (in point, last Thanksgiving) meets howls of opposition.

But there is a difference between doing something about the weather and the holidays themselves and doing something about their effects on consumers' seasonal needs and seasonal income, and in the end their effects on business. Manufacturers have already, in many instances, diversified their products to level out their seasonal use of labor and equipment. Marketers increasingly are taking heed of seasonal forces as they seek to maximize their sales efforts. For the latter a new tool now becomes available.

The Regional Trade Barometers published for the last three and a half years in DUN'S REVIEW have charted the course of consumer purchases in the United States and 29 regions, *corrected for seasonal variation.*

Out of the "correcting" which removes seasonal variations has come a potentially valuable by-product—the seasonal corrections for each of the 29 regions. They are useful, for example, in emphasizing in what part of the year each region ordinarily may be expected to be relatively weak, when strong, in the volume of consumer purchases. These seasonal variation indexes do not concern themselves with regional differences in purchasing power. They demonstrate expected seasonal fluctuation, not the level at which these gyrations occur.

Averages for the period 1928-1935, the seasonal variation indexes were derived by finding the ratio to a twelve-month moving average.[1] The index of seasonal variation for any one month for any one region is expressed as a percentage of the average month (100) during a year.

The basic data for the Regional Trade Barometers are bank debits and department store, new car, and life insurance sales (in a few regions other data are added or substituted). The monthly figures for each region *uncorrected* for seasonal variation also are available to readers of DUN'S REVIEW on request.

The seasonal cycle of retail trade for the whole United States is familiar to most business men from their own experience, and to many of them too from frequently published charts of seasonal variation in department store sales. Though it is based on three additional sets of data, the United States Trade Barometer shows the same general

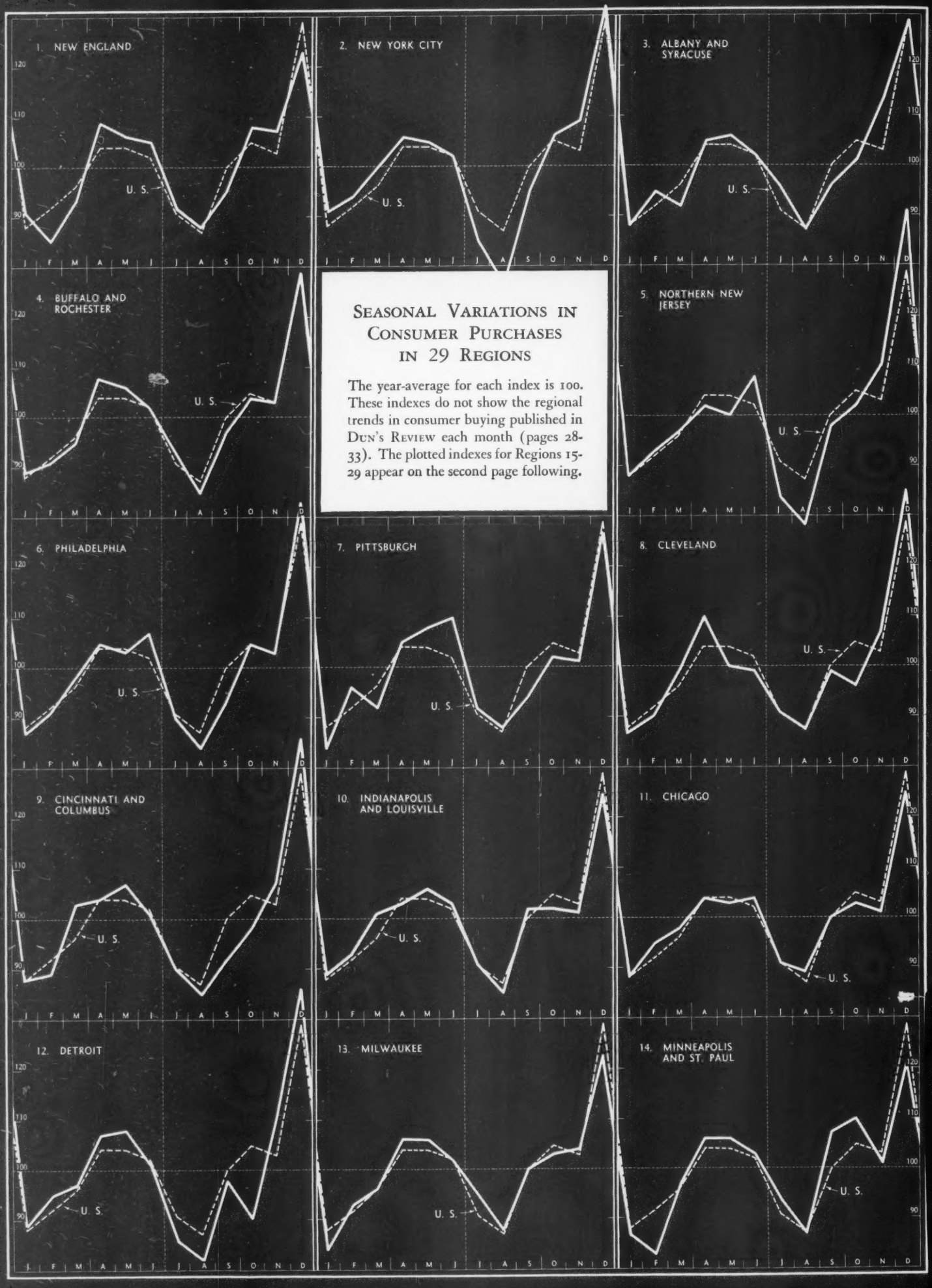
CHARLES PHELPS CUSHING

Spring *In almost every region of the United States consumer purchases rise to a mild peak in one of the Spring months.*

CHARLES PHELPS CUSHING

Summer *In no region in either July or August do merchants make as much as one-twelfth of their total year's sales to consumers.*

[1] For each region, the data were smoothed by means of a twelve-month moving average; the differences between the actual values and this moving average are due to seasonal movements. Next, the ratio of each actual value to the corresponding moving average value for each month was computed. Then averages were taken of all the January, all the February, etc., ratios. These averages are the indexes of seasonal variation.

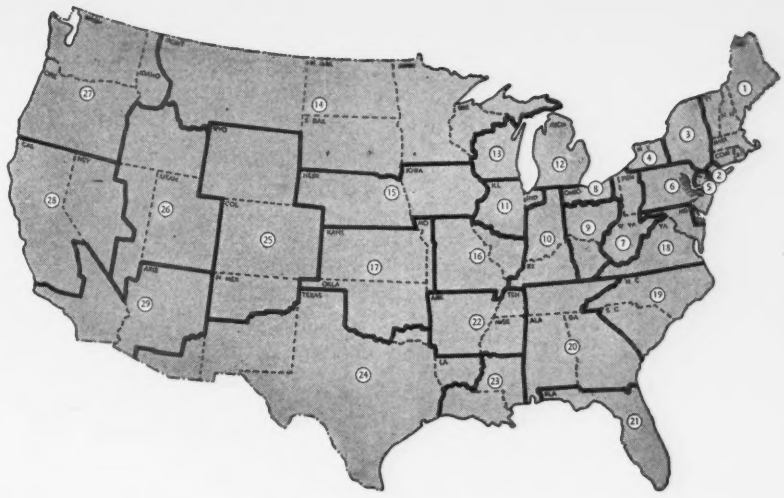


Seasonal Variations in Consumer Purchases in 29 Regions

The year-average for each index is 100. These indexes do not show the regional trends in consumer buying published in Dun's Review each month (pages 28-33). The plotted indexes for Regions 15-29 appear on the second page following.

The United States and Its 29 Trade Barometer Regions

To compare the volume of consumer purchases region-by-region the United States has been divided into 29 areas which are broadly homogeneous in their economic characteristics. The choice of boundaries has been governed very largely by the knowledge of sales and trading areas in use by companies marketing nationally. State and Federal Reserve District boundaries have been followed as much as possible, but wherever necessary have been cut through.



The Monthly Highs and Lows of the Regional Seasonal Indexes

These are the indexes of seasonal variation used in removing the usual seasonal ups and downs from the regional trade barometers; 100 is the monthly average during the year for each region. These correcting factors cannot be used to compare volume as between regions. This table shows, for instance, that in January consumer buying is significantly high in Region 21, Florida, as compared with other months in that region.

January

Region	Index
Florida (21)	**107**
Iowa and Nebraska (15)	**98**
Los Angeles (29)	**94**
Memphis (22)	**93**
United States	88
Pittsburgh (7)	84
Milwaukee (13)	84
Portland and Seattle (27)	84
North and South Carolina (19)	81

February

Region	Index
Florida (21)	**122**
St. Louis (16)	**98**
Los Angeles (29)	**98**
New Orleans (23)	**97**
United States	92
Salt Lake City (26)	87
North and South Carolina (19)	86
Portland and Seattle (27)	86
New England (1)	85
Minneapolis and St. Paul (14)	83

March

Region	Index
Florida (21)	**116**
St. Louis (16)	**106**
Cincinnati and Columbus (9)	**103**
Los Angeles (29)	**102**
United States	96
New England (1)	93
Salt Lake City (26)	93
Albany and Syracuse (3)	92
Pittsburgh (7)	92
Memphis (22)	92
Denver (25)	92

April

Cleveland (8)	**110**
New England (1)	**109**
Buffalo and Rochester (4)	**108**
United States	104
San Francisco (28)	99
Los Angeles (29)	99
Memphis (22)	95

May

Pittsburgh (7)	**108**
Detroit (12)	**108**
Cincinnati and Columbus (9)	**107**
United States	104
North and South Carolina (19)	97
Florida (21)	97
San Francisco (28)	97

June

Pittsburgh (7)	**110**
Northern New Jersey (5)	**108**
Philadelphia (6)	**107**
United States	102
North and South Carolina (19)	93
Memphis (22)	90
Florida (21)	83

July

Iowa and Nebraska (15)	**97**
Albany and Syracuse (3)	**96**
Portland and Seattle (27)	**96**
Milwaukee (13)	**95**
Kansas City (17)	**95**
United States	91
Detroit (12)	86
St. Louis (16)	86
Florida (21)	86
New York City (2)	85
Northern New Jersey (5)	84

August

Denver (25)	**96**
San Francisco (28)	**96**
Los Angeles (29)	**96**
Portland and Seattle (27)	**95**
United States	87
Memphis (22)	83
Detroit (12)	82
Northern New Jersey (5)	78
New York City (2)	76
Florida (21)	74

September

Minneapolis and St. Paul (14)	**107**
Kansas City (17)	**105**
Portland and Seattle (27)	**105**
Texas (24)	**104**
United States	100
Pittsburgh (7)	94
Philadelphia (6)	93
Cincinnati and Columbus (9)	92
Florida (21)	79

October

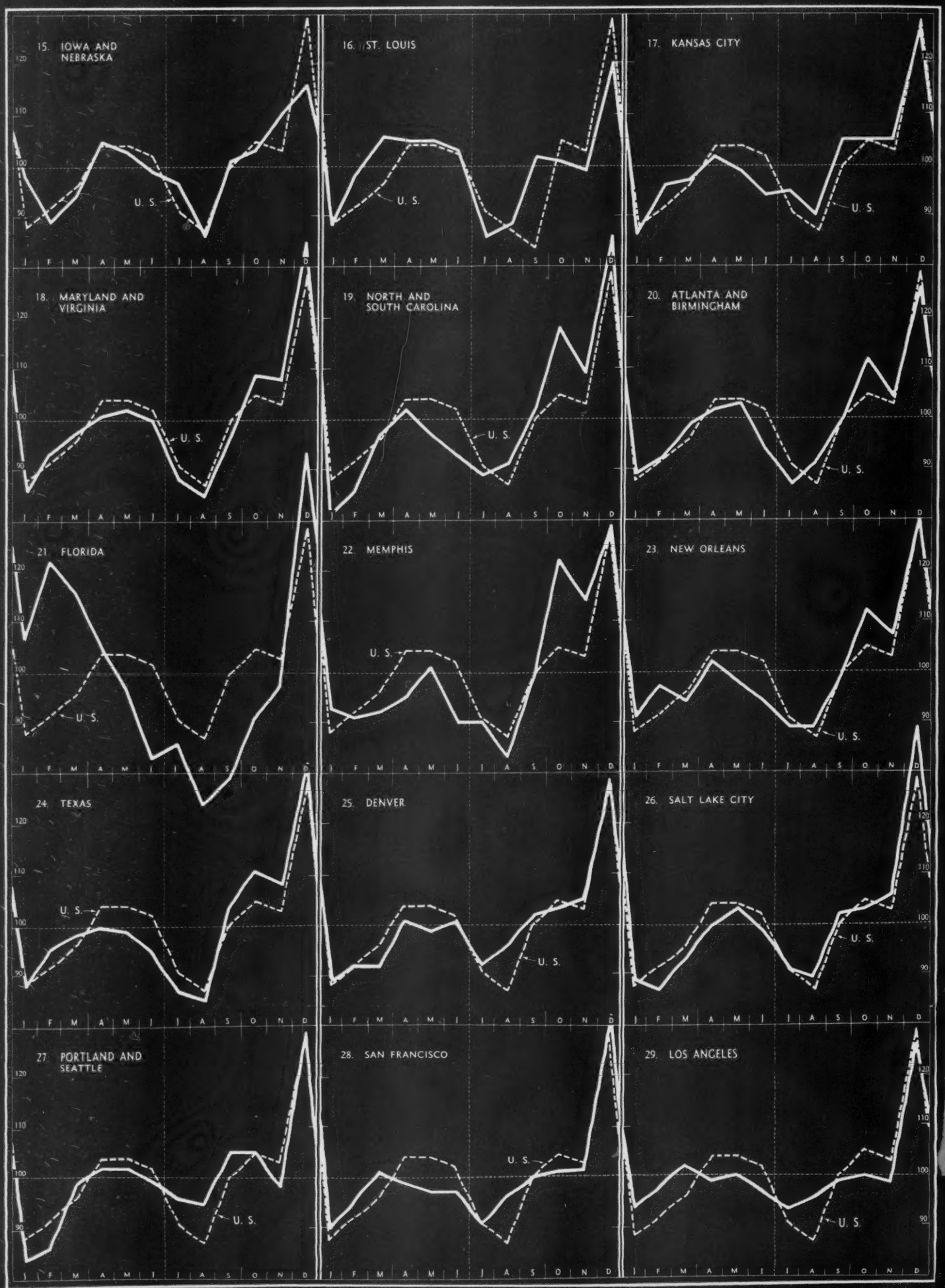
Memphis (22)	**122**
North and South Carolina (19)	**118**
Atlanta and Birmingham (20)	**112**
New Orleans (23)	**112**
Texas (24)	**111**
Minneapolis and St. Paul (14)	**110**
United States	105
Cleveland (8)	96
Florida (21)	91
Detroit (12)	90

November

Memphis (22)	**114**
Detroit (12)	**111**
Northern New Jersey (5)	**110**
Iowa and Nebraska (15)	**110**
United States	103
St. Louis (16)	99
Portland and Seattle (27)	98
Los Angeles (29)	98
Florida (21)	97

December

Florida (21)	**143**
Northern New Jersey (5)	**141**
Salt Lake City (26)	**139**
United States	129
New England (1)	123
Milwaukee (13)	123
Minneapolis and St. Paul (14)	121
St. Louis (16)	120
Iowa and Nebraska (15)	116


15. IOWA AND NEBRASKA
16. ST. LOUIS
17. KANSAS CITY
18. MARYLAND AND VIRGINIA
19. NORTH AND SOUTH CAROLINA
20. ATLANTA AND BIRMINGHAM
21 FLORIDA
22. MEMPHIS
23. NEW ORLEANS
24. TEXAS
25. DENVER
26. SALT LAKE CITY
27. PORTLAND AND SEATTLE
28. SAN FRANCISCO
29. LOS ANGELES
U. S.
120
110
100
90
J F M A M J J A S O N D

CHARLES PHELPS CUSHING

Autumn *With the return of cool weather comes a brisk increase in trade, accelerated most in the agricultural South and mid-West, in regions which produce most of the nation's cotton, tobacco, and wheat.*

pattern as the department store curve.

It starts out at a relatively low point in January, only 88 per cent of normal. It then advances rapidly to a Spring peak of 104 in April and May. Next it falls off into a Summer slump in July and August, with the lowest point at 87 in August. There is then a Fall pick-up reaching its highest point at 105 in October, to be followed by a slight slump in November and by the Christmas peak of 129 in December.

Three Months

Almost all of the regional indexes follow the United States seasonal index to the extent that December is uniformly far above 100, August much below, and May, near 100, stable and serene. During May, in any of the 29 regions, consumer purchases may be expected, over a number of years, to be no more than 8 per cent above, nor more than 3 per cent below one-twelfth of the year's total.

Most of the major departures of the separate regions from the trend of United States' seasonal variations are traceable to the economic activities which are of unusual importance in the various regions—here manufacturing, there agriculture, and in still other regions the free-spending vacationer. Perhaps if we knew enough we could track down the remaining major departures and even some minor ones.

Many seasonal variations exist in individual industries, but are cancelled out by variations in other industries working at the same time in the opposite direction. Doubtless there are many hidden fluctuations of this sort which we never suspect. Trade and industry in Chicago, for example, is so diversified that the region centering on that city follows very closely the nation in its seasonal variation characteristics.

Nonetheless, though explanation of regional seasonal changes is a hazardous undertaking, many of the regions vary so notably from the United States seasonal pattern that they tempt a review of a few of their characteristics.

The Regions

In New England the severity of the climate may be in part responsible for curtailed industrial and especially construction activity in the depth of Winter, in February and March. In January and April, paradoxically, the seasonal indexes for New England are a little above those for the United States.

In New York City and Northern New Jersey a drop-off in financial activity and an outward Summer migration may explain the abrupt decline during July and August. The remaining regions in the Middle Atlantic section follow the United States fairly closely, with the exception of Pittsburgh, where the index figures for May and June rise substantially above the United States in response to Spring activity in the steel industry.

In the Detroit region the automobile industry accounts for a higher than average Spring peak and a falling off in late Summer and early Fall, when assembly lines, one after another, are closed down.

In other regions the impact of the changing seasons on agriculture has marked effects on consumer purchases. In the Minneapolis-St. Paul region wheat and other marketings raise the September and October indexes, and in the Iowa-Nebraska area corn and hogs lift the region's January index above the United States average for the month.

In the South the October marketings

Seasonal Indexes of Consumer Purchases for 29 Regions and for the United States

(For each region and for the United States 100 is the year-average)

	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
United States	88	92	96	104	104	102	91	87	100	105	103	129
New England (1)	91	85	93	109	106	105	92	88	95	108	107	123
New York City (2)	91	94	100	106	105	102	85	76	95	106	109	132
Albany and Syracuse (3)	88	95	92	105	106	102	96	87	96	101	103	129
Buffalo and Rochester (4)	89	91	95	108	106	102	93	85	97	104	103	129
Northern New Jersey (5)	88	93	97	102	100	108	84	78	98	102	110	141
Philadelphia (6)	87	91	98	105	103	107	90	84	93	105	103	133
Pittsburgh (7)	84	96	92	105	108	110	92	88	94	102	101	127
Cleveland (8)	87	90	99	110	100	99	91	87	99	96	107	135
Cincinnati and Columbus (9)	88	89	103	104	107	101	90	85	92	98	107	136
Indianapolis and Louisville (10)	89	93	101	103	106	103	91	85	102	102	101	125
Chicago (11)	88	95	98	104	103	104	91	89	100	103	101	125
Detroit (12)	89	95	97	107	108	101	86	82	98	90	111	136
Milwaukee (13)	84	93	96	106	106	102	95	88	100	103	104	123
Minneapolis and St. Paul (14)	87	83	97	106	106	103	94	87	107	110	101	121
Iowa and Nebraska (15)	98	89	94	105	103	99	97	86	101	103	110	116
St. Louis (16)	88	98	106	105	105	103	86	88	102	101	99	120
Kansas City (17)	86	96	97	102	99	94	95	90	105	105	105	127
Maryland and Virginia (18)	86	93	97	101	102	100	88	85	97	109	108	135
North and South Carolina (19)	81	86	97	102	97	93	89	91	102	118	109	136
Atlanta and Birmingham (20)	89	92	99	102	103	94	87	91	100	112	104	126
Florida (21)	107	122	116	105	97	83	86	74	79	91	97	143
Memphis (22)	93	91	92	95	101	90	90	83	99	122	114	129
New Orleans (23)	91	97	94	102	98	94	89	89	99	112	107	130
Texas (24)	88	95	98	100	99	95	87	85	104	111	108	132
Denver (25)	89	92	92	101	99	101	92	96	102	103	105	128
Salt Lake City (26)	89	87	93	100	103	99	91	89	102	103	106	139
Portland and Seattle (27)	84	86	99	102	102	99	96	95	105	105	98	129
San Francisco (28)	90	95	101	99	97	97	91	96	100	101	101	132
Los Angeles (29)	94	98	102	99	100	97	93	96	99	100	98	126

CHARLES PHELPS CUSHING

Winter — *At the end of the season's cycle, in December consumer purchases attain their greatest volume, a phenomenon without exception in any region.*

of important crops produce the most notable variations. Tobacco seems to be primarily responsible for the October spurt in North and South Carolina, and also in the region of Maryland and Virginia. The influence of the cotton harvest is most pronounced in the October level of the Memphis area. It is also reflected in the October figures of the Atlanta, New Orleans, and Texas regions. In Texas, however, livestock marketings are also important in the Fall.

Winter visitors also swell consumer purchases in the South. In New Orleans the Mardi Gras festival, ending on Shrove Tuesday, 41 days before Easter, generally falls in January or February. In those two months the New Orleans seasonal indexes are above the United States, in March—below.

Winter-time Florida, of course, ranks alone in seasonal prosperity, with visitors and Christmas and shipments of citrus fruits and garden truck lifting the December index to 143.

In the Far West, the evenness of climate reduces monthly fluctuations so that they are less severe than in other parts of the country. In both the San Francisco and Los Angeles regions, and somewhat in Portland and Seattle, the indexes hold fairly close to 100 through the year, but jump in December, of course, to the expected holiday peak.

FREE-LANCE PHOTOGRAPHERS' GUILD

For mere handfuls of language, volunteer wordsmiths beat the verbal bushes, clutching at gold in every peacock phrase.

WAR CRIES *of* BUSINESS

ARTHUR H. LITTLE

NO DOUBT the day dawned as had many another day, with no brighter gleam than usual in its sunrise.

But on that day in 1896, in an elevated train in New York, a business man eyed a car card that advertised a line of shoes. Thoughtfully, he read a phrase—"21 Styles."

Now, in the pickle business you make, not styles, but varieties. His lips moving, the business man began to count.

"I counted well past fifty-seven," he later revealed. "But that number kept coming back to my mind. Seven—seven—there are so many illustrations of the psychological influence of that figure and of its alluring significance to people of all ages and all races!

"I got off the train immediately and went to the lithographers, where I designed a car card and had it distributed throughout the United States."

And on that fateful day, as he later was to confess, not even H. J. Heinz, himself, fully realized what he had wrought.

Thus was born a business slogan.

Another thoughtful rider rode the cars, this one an advertising man. He rode across the Jersey meadows toward Newark; and he thought, not about pickles, but about insurance. Thoughtfully, he eyed, not a car card, but the stony, up-jutting ridge that rims the meadows on the east.

"As strong," he thought, "as a rock."

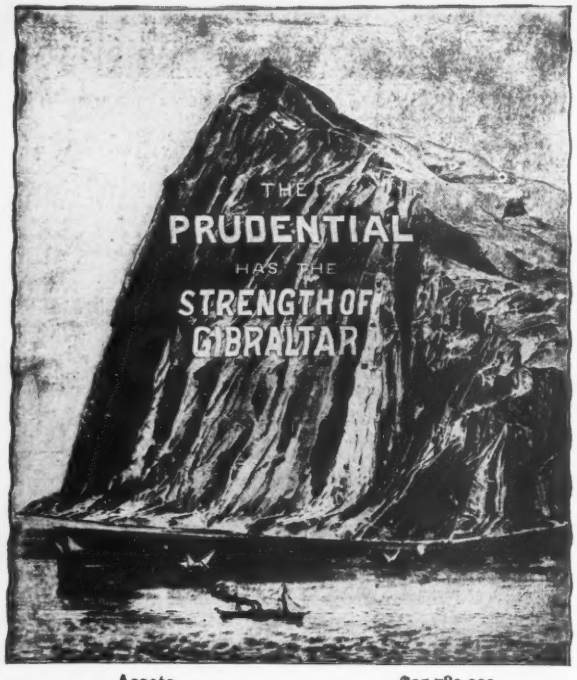
The next morning, in the offices of an advertising agency in Manhattan, Mort Remington ransacked the art department for a picture. He found a half-dozen prints; and he spread them before an artist. Upon that rock, Mort Remington explained, he would build an idea. Would the artist take his choice?

The artist picked. Mort Remington shook his head. With some difficulty—the artist was deaf and dumb—they argued the matter. Wouldn't one of the other pictures do as well? This one presented an aspect that travellers seldom saw. But the artist knew his lettering and the setting it ought to have. He stuck to his choice, and won.

Thus was born another slogan, a slogan whose accompanying illustration, so we hear, has moved globe-trotting Americans, upon their first glimpse of Gibraltar, to ask: "But where's the Prudential sign?"

Slogans pop into being; and slogans evolve. Slogans come from within business enterprises and—rarely—from without.

We are here concerned with slogan sources—the more likely sources—and with slogan specifications. We are concerned, also, with methods by which



In November, 1896, appeared Prudential's first "Strength of Gibraltar" ad, early espousal of a slogan and trade-mark.

Assets, ... $15,780,000
Income, ... 12,500,000
Surplus, ... 3,300,000

A Life Insurance Policy issued by **The Prudential**

is vastly more important to the welfare of a family than is **Gibraltar to the British Empire.**

The Prudential ***insures men, women, and children.*** **Write for descriptive literature.**

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA.
JOHN F. DRYDEN, President. Home Office: NEWARK

slogans are perpetuated and protected.

Solemnly, the experts lay it down that, against the public's sales resistance, *a slogan ought to pack a triple threat:* (1) it ought to identify the company; (2) identify the product; and (3) proclaim what the product does.

Mirabile dictu, such a three-barreled *slogan once came to an* advertiser who, at the moment, wasn't looking for a *slogan at all. Through the columns of* an advertising trade journal back in 1891, W. Atlee Burpee, seedsman, appealed for outside aid. In a naïve age, before advertising had become a *specialized art, Mr. Burpee announced* that, for the best advertisement calculated to bring business to his house, his firm would pay a prize of $50. Further, "should there be a second advertisement of special merit, we shall gladly pay an additional prize of $25."

Over the Burpee name, the first advertisement went into print and thence, promptly, *into the limbo of forgotten* literature. But the second-prize winner had written his text around the laconic—if not wholly surprising—theme that "Burpee's seeds grow."

Thus was born another slogan, this one by expert standards a slogan perfect.

From scattered sources have come slogans less than *technically perfect, but slo*gans that have embedded *themselves in the American* language.

In Warren, Ohio, in 1899, the brothers Packard, electrical manufacturers, built *themselves an automobile*—built it for their own creative enjoyment and for their own use. The car ran so well that the brothers' friends urged them to build more cars and to sell them. The brothers *built and sold a dozen. Then* in came a letter from a stranger, a prospective customer seeking the truth. He'd heard that the Packard car was good. Frankly, was it as good *as he had heard?*

Answering as conclusively as he *knew how, J. W. Packard wrote: "Ask* the man who owns one."

Less than perfect slogans, but slogans that have become famous, have developed from casual conversations.

In the office of his father, so the son testified in the company's defense in an "idea suit," George Washington Hill, now president of the American Tobacco Company, talked with the elder Hill about a certain stage in the company's method of preparing tobacco for *cigarettes.*

A chance visitor dropped in; and Hill, the son, asked him:

"What is there about heat that is attractive to the senses of taste and smell?"

"Well," the visitor confided, "at breakfast, I like toast."

And thus, with a fine disregard for *grammatical number,* Lucky Strikes now are known more favorably because *"It's Toasted."*

Another slogan, an amended one, traces back to an origin not lacking in piquant surprise. Washburn-Crosby's "Eventually—Why Not Now?" is said *to have been adapted from Underwood* Typewriter's "The Machine You Will Eventually Buy," which, in turn, was adapted by M. E. Eylar, then Underwood's sales manager, from a sign he *saw over a third-rate shoe store in the* Bowery. The sign read: "Eventually *You Will Buy Your Shoes Here."*

Although few present-day slogans actually rhyme, perhaps it can be said that a slogan is better if it scans. Certainly, present-day sloganeering reveals *here and there the hang-over prosodic* influence of the jingle era of the 'Nine*ties and early Nineteen-hundreds,* when advertising went lyrical. It was then that, for De Long's hump-boasting hooks and eyes, Charles M. Snyder sang:

> *He rose. She took the seat and said:*
> *"I thank you." And the man fell dead.*
> *But ere he turned a lifeless lump,*
> *He murmured: "See that hump?"*

For Sapolio, J. K. Fraser sang of Spotless Town. For Force, Minnie Maud Hanff sang of Sunny Jim. For *the Lackawanna Railroad,* Wendell P. Colton sang of Phoebe Snow.

A *tinkle of rhyme, a lilt of rythm,* a catchy concept transplanted from folklore—these are lures that lead the *sloganeers on;* and often these are the qualities that hallmark competent *slogan-coining workmanship. Who*ever wrote it—advertising legend says it was Sherwood Anderson, but evidence points to Howard Taylor—its creator knew he *had* something when, *for Morton's Salt,* he wrote: "When it rains, it pours."

On occasion, a slogan has been brought to view, deliberately, out of an

CHARLES PHELPS CUSHING

Born of one slogan—"Burpee's seeds grow," to be felled for another—"Say it with flowers."

advertiser's own unmined past. Out of advertising that already had appeared and after heavy digging for just the right thing came Palmolive's "Keep that School Girl Complexion."

Until 1906, the New York Central's water-level route was an attribute that interested only the line's engineers and firemen. In 1906, Central adopted a new publicity policy and went into national advertising. Out of the company's house magazine, Central's advertising agency lifted a four-word phrase, added three words, and thus conceived: "The Water-Level Route—You Can Sleep."

We've seen something of how slogans are made. Advertisers' experiences have demonstrated what slogans ought not undertake.

A slogan ought to be wary about mentioning price. When costs rise, prices are likely to rise, also.

A slogan ought not to claim too much. Today even its author would admit that, chronologically, he took in too much territory when he wrote: "The Sun Never Sets on Orient Buckboards!"

Similarly, in view of the fact that in his first road race he found it necessary to stop at a roadside blacksmith shop and weld a broken part, it would seem that back in the mid-'nineties the pioneering and versatile Duryea rather over-reached himself when, of his horseless carriage, he advertised: "One Hand Does It All!"

Indeed, a notable instance seems to have demonstrated that, in the interest of truth, a slogan may concede something—and lose none of its potency. Before bringing out Ivory Soap, Procter & Gamble sent a sample to a Boston chemist. The chemist reported that the sample contained ingredients, aggregating 56/100 of 1 per cent, that, by the soap industry's own standards, were not pure soap. Harmful? Not at all; but chemically, not pure soap. What to do? To the P & G management the answer was simple. In that other percentage, that 99 44/100 per cent of purity, stood a slogan ready, indeed asking, for type.

Experience has proved that a good slogan is more than an extraordinary headline—much more, else their respective authors would have recognized as slogans ready-made the headlines of the two best-remembered advertisements ever written for motor cars. One was "The Penalty of Leadership," written for Cadillac by Theodore F. MacManus; and the other was "Somewhere West of Laramie," written for Jordan by Edward J. Jordan, himself.

Rarely is a slogan comprehensive enough or specific enough to stand alone. Generally, and understandably, the reading-and-buying public expects an advertisement to present a logical sales story. The reader asks, "What shall I buy?" Significantly, he also asks, "Why?" And not often in a single phrase, however apt, can he find adequate answers to both questions.

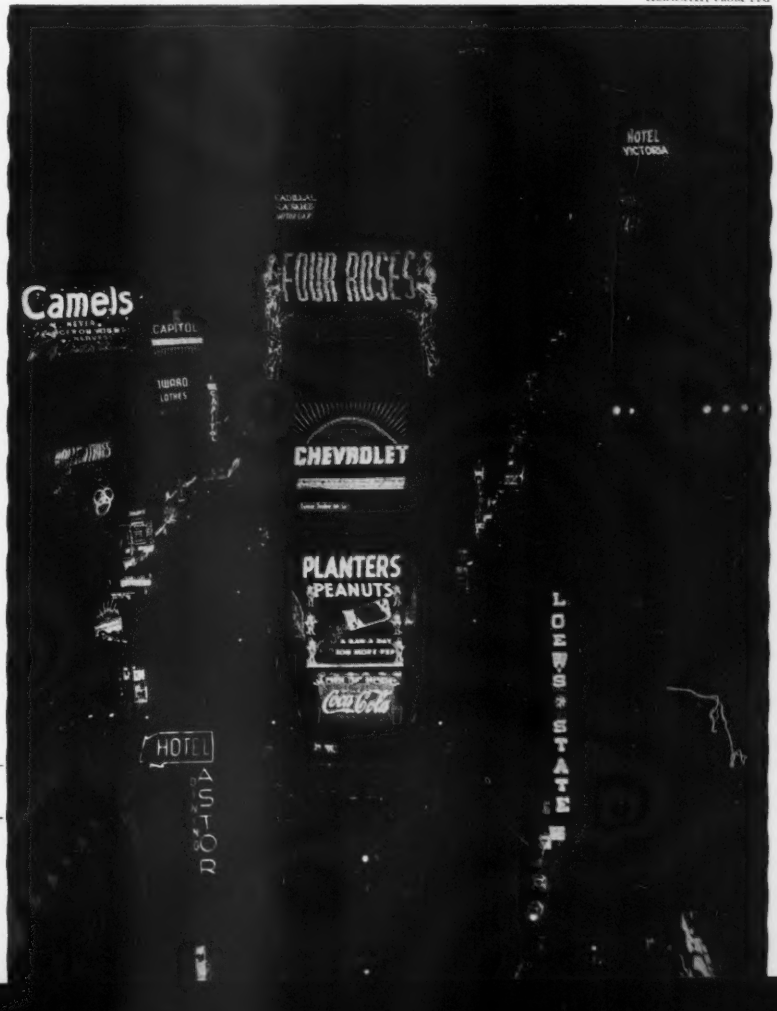
Yet, as does a snowball, a slogan gains weight by rolling; and the impulse that keeps a slogan rolling is the impulse of repetition. Confronted by a slogan idea—and to offered ideas we shall devote more attention a little later on—the careful executive asks: Will its significance survive? Will the phrase bear repeating through the years? Or have we fashioned it so that, if we must, we can amend it?

Meanwhile, the sloganeers carry on. Incited by word-of-mouth fables of staggering sums that advertisers have paid for mere handfuls of language, hopeful, volunteer wordsmiths beat the verbal bushes for fortune. In the process, they create for advertisers a special problem in external relations.

This is no occasion for a treatise on common and statutory law; but court decisions touching on ideas submitted by outsiders have produced for advertisers so many painful surprises that, confronted by an offered idea, a careful executive thinks twice—and maybe

In Broadway's bright lights the gala fruition of sloganeering; all the sky's a stage, and a million brief candles blink the praise of each good name.

HORWATH, FROM FPG



prays. Offhand, for reasons purely legal, he's likely to reject; for advertisers have been counselled that the explicit rejection of an idea submitted by an outsider may serve to forestall the outsider's hypothesis—an hypothesis that may be advanced later—that the mere submission of an idea, good or bad, sets up between the submittor and the submittee a contractual relationship. And beyond Rejection Point, as many big advertisers well know, the trail of decision and of precedent tangles so amazingly as to suggest for the advertiser's guidance in these circumstances the slogan: Before you move—see your lawyer!

Fair game for all sharpshooters, the bigger and more active advertisers find themselves in fairly constant bombardment; and most of them have ceased to wonder at the extent to which the offered ideas duplicate each other. To reject a certain idea that comes in again and again, the Piel Brothers brewing concern has been compelled to brew a form letter. The preferred slogan, a natural if ever a sloganeer saw one, is "Piel's Appeals."

A slogan accepted and adopted, how may an advertiser protect it? If the phrase can be combined with his trademark in a distinctive design, he may register it in the Trade-Mark Bureau of the Patent Office. Extra-officially, but by way of establishing priority, he may register his masterpiece free of charge in the slogan register of *Printers' Ink*, a roster that now enrolls slogans to the number of 7,500. Further, if he is wise, he will:

1. So employ his slogan that it will come to identify his product and his company and thus to take on what the courts have called a secondary significance;

2. Make his slogan a prominent part of all his advertising; and

CHARLES PHELPS CUSHING

Once, all unwitting, a slogan writer gave his tight-word craft its first commandment, recommending in a code-terse sentence, "Don't write, telegraph."

3. Against the event of argument or litigation, keep a complete file or record of all material in which the slogan appears.

Perhaps your business needs a slogan, and perhaps you're the man to write one. Perhaps, besides—and this point seems important—you wield the authority to order your slogan's adoption.

Together, we have examined some of the broader specifications and stipulations and requirements. We have looked at some of the difficulties. By implication, at least, we have concluded that, the glittering exceptions to the contrary notwithstanding, slogan-coining is an accomplishment beyond the range of mere cleverness.

You'll search your soul for originality. You'll think!

Perhaps—who knows?—you'll find what you seek; and for your company you'll find higher prestige and increased sales. For yourself, you'll find something else, something that Tom Masson found when, for pre-pictorial *Life*, he conceived: "Obey that Impulse."

Of slogan-hunting and of slogan-finding, Tom Masson later wrote:

"When you least expect it, your angel slogan will flop down in your lap. Believe me when I say that the rustle of those wings will be the sweetest music in the world."

EVERY EAR IS A SOUNDING BOARD FOR "ONE OF AMERICA'S GREAT STORES"—CHARLES PHELPS CUSHING

IS ON THE DOCKS AT OSLO—ACME

BUSINESS DIARY

Event of the Month

Germany invades neutral Norway and Denmark, British food sources; and unfavorable wheat crop reports stem from the Balkan granaries.

2 Sixteenth decennial census begins counting noses of all shapes and conditions. . . . President sends Congress third reorganization plan. . . . Standard Oil Development Company selects Baton Rouge, La., for plant to make synthetic Buna rubber by process German firm sold for U. S. cash.

3 Black Diamond line, operating chartered, neutral ships through war zones, declares a quarterly bonus. . . . Private crop reporting houses say U. S. Winter wheat will be smallest crop since 1934, but more than predicted in December. . . . Memphis picked as first city to try Government's stamp program for distributing surplus cotton.

5 Official crop reports from Roumania, Hungary, Bulgaria predict poorest wheat yield in decade. . . . Swedish anti-profanity league hangs up "Do not curse" signs in army barracks. . . . Canadian copper firm earmarks entire three-year output for Japan. . . . Germany's note circulation highest since 1924 currency reorganization, reserve ratio lowest on record.

8 Denmark submits passively to German invasion; Norway fights.

11 Fourth Roosevelt reorganization plan submitted to Congress. . . . Brazil grants dollar drafts for remittances by companies to U. S. home offices. . . . Anaconda Copper begins one of largest redemptions of sinking fund debentures on record.

12 President signs measure extending Hull reciprocal trade treaty program for three years. . . . Carnegie-Illinois Steel Corporation announces $4 a ton price cut on hot and cold rolled sheets; other producers follow.

During the Month

Politics, baseball, and corsets interest the American family. . . . Methodist convention bars Nazi flag from platform. . . . Spy plots fester.

16 British Food Ministry discloses it bought and stored vast stocks of Danish foodstuffs before Germany moved in. . . . Nipponese Foreign Minister intimates mildly that nation would be deeply concerned over any change in status quo of Dutch East Indies.

18 CIO auto workers triumph in NLRB elections at 51 of 61 General Motors plants.

19 Independent union wins right to represent 31,500 production and white collar workers of Consolidated Edison Company of New York, Inc.

20 Liggett Drug Company begins gradual change-over of stores to eliminate lines of extraneous merchandise.

22 Allies have bought 91 old U. S. merchant vessels since war at $40 to $60 a ton.

23 British budget of £2,000,000,000 is highest ever; proposes highest taxes including a new "purchase" (sales) tax; also heavy borrowing by voluntary loans.

24 Carnegie-Illinois Steel Corporation eliminates $4 price cut, as of May 1.

28 Denmark's Summer grain crop below normal. . . . National Negro Congress accepts invitation of John L. Lewis for third party working agreement with Labor's Non-Partisan League.

29 Supreme Court refuses to interfere with administrative interpretation of Walsh-Healy Act by Secretary of Labor in case regarding wage scales in smaller steel firms.

30 Spain halves bread ration as Winter wheat crop proves small. . . . British order their merchant shipping out of the Mediterranean.

BLAST FURNACES, CLEVELAND, OHIO—CUSHING

THE TREND OF BUSINESS

PRODUCTION . . . PRICES . . . TRADE . . . FINANCE

After four months of recession, business trends began to point up early in May. Sudden new war developments seriously disturbed stock and commodity markets at mid-month and injected an element of uncertainty into the general business situation. On the other hand, a vast domestic armament program and intensified Allied purchasing had the effect of accelerating the expansion in steel and key industries.

AS May opened, signs of a rising trend in domestic business were rapidly multiplying. The stronger position of industry resulting from the recent reduction of stocks and a somewhat heavier flow of orders had begun to reflect in a slight upturn in production. For the first time in five months factory employment was increasing rather than diminishing. Retail trade figures, less spotty than in April, were showing some of the broadest gains over the 1939 level so far this year.

At mid-month, a sudden and rapid extension of the war into Holland and Belgium caused foreign news to take a position of dominance over domestic business such as it had not assumed since last September. Stock and commodity prices dropped sharply in nervous trading and by the end of the fourth week stock averages were the lowest in two years, commodities the lowest since early September.

Repercussions were felt in trade and industry, as sentiment attempted to digest the effects on the American economy of a possible swift termination of the conflict abroad. The immediate reaction was a decline in orders for finished goods, particularly in those lines in which sharp price changes in raw materials were taking place. Yet manufacturing operations and employment continued their moderate rise, aided by increased commitments from Allied buyers and plans for greatly enlarged defense expenditures at home.

Steel production, which led in the upturn last Fall and in the decline from December to April, has acted again as the pivotal industry. Ingot operations expanded from the April low of 60 per cent of capacity to 77 in the last week of May. When commodity price averages were swooping downward in the third week of May, steel scrap prices moved upward and stayed at the higher level. In recent weeks, increased activity in steel, along with further expansion in the already-active machinery and aircraft industries and a steady gain in home building, has offset less favorable trends in automobile and textile industries.

Industrial activity: The decrease in production which occurred in April was the smallest since the curtailment began. From 128 in December the FRB index (adjusted) had dropped to 104 in March. With a loss of 2 more points in April, it was back to the level of last Summer.

Although the December-April decline was far more severe in the durable than in the non-durable industries, durable goods production in April still represented a more imposing proportion of total industrial activity than it had in the pre-war months.

Compared with one year ago, ship construction in April (gross tonnage) was more than twice as large; machine tool production (operating rate) was up 53 per cent; building construction (dollar value of permits) showed a gain of 29 per cent; railroad equipment activity (freight cars on order) was up about two and one-half times; automobile output had increased 26 per cent; and steel ingot production 19 per cent. Output statistics are not yet available for the aircraft industry, in which the expansion has been most spectacular: employment figures, however, were more than double last April; order backlogs were many times larger.

According to the FRB index, durable industries accounted fully for the in-

crease in manufacturing activity compared with a year ago. Production in April was higher in some non-durable lines such as cotton textiles and meat packing, but total non-durable goods output was at exactly the same level as in April, 1939.

Consumer income: Greatly enlarged payrolls in factories producing durable goods also helped to sustain consumer income above the 1939 level. The BLS index of total factory payrolls in April was 96.4, against 85.5 last April. The adjusted index of all income payments stood at 86.5, against 83.0 in 1939.

Consumer income, however, continued in a moderate month-to-month decline. Payrolls, dividends, and interest payments were smaller in April than in March. Cash farm income alone showed a fairly substantial increase during the month, but this was not sufficient to greatly affect the total.

From a peak in December, the adjusted index of income payments has receded 3.5 per cent, while living costs (NICB index) in the same period have risen 0.7 per cent. Real income remains above a year ago.

Consumer buying: Retail expenditures were not much changed between March and April, after allowance for seasonal trends and the occurrence of Easter in March. Trade volume gained slightly in cities, the adjusted index of department store sales (FRB) showing a gain of one point to 90, but receded in rural areas, where the index of retail sales went from 136.6 to 125.4 (U. S. Department of Commerce).

The Dun's Review trade barometer, which makes no adjustment for the Easter factor, dropped 6 points to 89.4 in April; this compared with 83.1 in April one year ago and with 100.5 at the peak last December.

Foreign trade: Exports of United States merchandise suffered a sharp contraction in April but were still substantially above the 1939 level. The extension of the war area to Norway and Denmark was reflected in a drop in shipments to Scandinavian countries to less than $4,000,000 from more than $19,000,000 in March. Heavier shipments to Great Britain, France, and South America failed to offset this loss and total exports were $29,000,000 less than the $345,000,000 for March.

Prices: There was a moderate recovery in wholesale commodity prices during April and very little change in stock prices. The weekly commodity index (BLS) started April at 77.6, lowest for the year, and moved up steadily to 79.0 at the close. The industrial stock price average (Dow-Jones) went from 149.53 at the beginning to 148.30 at the end of the month.

During the second and third weeks of May, prices turned suddenly downward. War psychology completely ruled the stock markets: trading was the heaviest since September and the daily price average broke out of the 10-point range to which it had held for eight months to fall more than 30 points. In comparison, wholesale prices declined very little: the all-inclusive BLS weekly index receded only from 78.9 in the first to 78.5 in the third week, but more sensitive averages such as the Dun & Bradstreet Daily Index lost about 6 points.

Money and banking: Further repercussions of war developments were evident in a continued heavy inflow of gold. Gold stocks were reported by the Federal Reserve Board to have reached a new high of $19,071,000,000 on May 22. Member bank reserve balances were up to $13,223,000,000, excess reserves being estimated at $6,370,000,000.

Commercial loans of reporting member banks changed very little in total during April and early May. At the beginning of April, they amounted to $4,414,000,000 and seven weeks later they were $4,394,000,000. Corporate financing increased in April, but suffered a sharp drop during May, as the decline in equity values resulted in deferment of issues previously scheduled.

Industrial Production

Federal Reserve Board Adjusted Index
1923-1925 = 100

	1937	1938	1939	1940
January	114	80	101	119
February	116	79	99	109
March	118	79	98	104
April	118	77	92	102
May	118	76	92	
June	114	77	98	
July	114	83	101	
August	117	88	103	
September	111	90	111	
October	102	96	121	
November	88	103	124	
December	84	104	128	

Factory Payrolls

U.S.B.L.S. Index
1923-1925 = 100

	1937	1938	1939	1940
January	94.6	75.3	83.7	98.3
February	100.1	77.5	86.0	97.8
March	105.9	77.6	87.6	98.2
April	109.7	74.9	85.5	96.4
May	110.1	73.2	85.0	
June	107.6	71.1	86.5	
July	105.2	71.1	84.4	
August	108.7	77.3	89.7	
September	104.9	81.6	93.8	
October	104.9	84.2	101.6	
November	93.3	84.4	101.6	
December	84.6	87.1	103.6	

Department Store Sales

Federal Reserve Board Adjusted Index
1923-1925 = 100

	1937	1938	1939	1940
January	93	90	88	92
February	95	88	87	89
March	93	86	88	89
April	93	83	88	90
May	93	78	85	
June	93	82	86	
July	92	83	86	
August	93	83	89	
September	94	86	91	
October	93	84	90	
November	91	89	95	
December	89	89	96	

Wholesale Commodity Prices

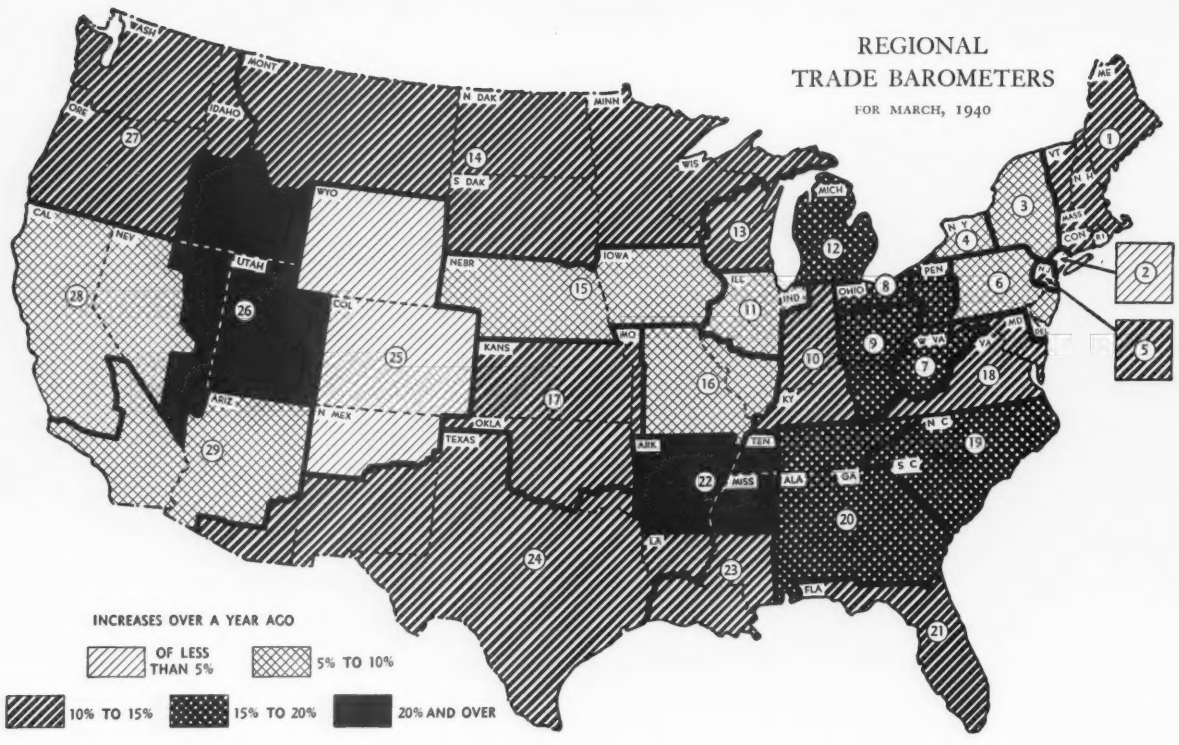
U.S.B.L.S. Index—1926 = 100

Week	Feb. 1940	Mar. 1940	Apr. 1940	May 1940
I	78.8	78.4	77.6	78.9
II	78.5	78.3	78.0	78.4
III	78.3	78.2	78.5	78.5
IV	78.6	77.9	79.0	
V		77.9		

Industrial Stock Prices

Dow-Jones Index (Weekly Average)

Week	Feb. 1940	Mar. 1940	Apr. 1940	May 1940
I	145.56	146.38	149.53	147.82
II	147.29	147.64	150.01	146.80
III	148.50	147.54	147.98	138.67
IV	147.90	146.48	148.30	115.29
V		147.05		



CONSUMER BUYING SLACKENS SLIGHTLY

The United States Trade Barometer fell to 89.4 (preliminary) in April from 95.4 in March. Barometer figures are compiled by Dr. L. D. H. Weld, Director of Research, McCann-Erickson, Inc.; trade information is reported by the branch offices of DUN & BRADSTREET, INC.

RETAIL trade still wavered by the end of the third week in May, undecided whether to turn upward or downward. Clear days in the early part of the month found seasonal business active, with automotive supplies, household and garden items, sporting goods, and gifts for forthcoming graduations and weddings selling in the expected volume. War news became more and more depressing as the month advanced, however, taking its toll of durable consumer goods demand, and unseasonably cool, damp days followed each other in such a continuous procession that the hope of a prolonged, late-but-brisk demand for Spring merchandise was proven vain.

Both urban and rural trade centers suffered to some degree from the intensification of the European war. Large cities near the Eastern seaboard were particularly sensitive to the sharp drop in security and commodity prices which occurred, and the dip in agricultural prices caused farmers to hesitate in making purchases. In very few areas was trade volume more than 10 per cent ahead of last year, according to weekly reports from the DUN & BRADSTREET offices. The Southern and Southwestern cities recorded the best results in comparison with May, 1939, the margin of increase in some cases reaching as high as 15 per cent, but at times during the month, sales dipped below year-ago totals in New England and along the Pacific Coast.

Consumer buying during April was relatively good in comparison with April, 1939, considering that the stimulus of the Easter trade was lacking this year. Retailers were encouraged by the buoyancy of sales when the weather improved, but their wholesale orders continued to be placed carefully, principally to fill immediate and replacement needs. The preliminary United States Trade Barometer, corrected for seasonal variation and for the number of business days, but not for the date of Easter, was off about

6 per cent from the March level to 89.4. The increase over the April, 1939, figure was 7.6 per cent, compared with a March-to-March gain of 10.5 per cent, with Easter in April last year and in March this year.

Barometer figures now available for March for each region verify a broadening margin of gain over 1939 throughout the country. Eight regions reported increases of more than 15 per cent, as compared with a similar record in only one region, Detroit, in February. Increases of more than 10 per cent over last March were recorded in nineteen regions, as against only nine regions in February. For the first time since September, increases of more than 20 per cent were reported, in the Memphis and Salt Lake City regions.

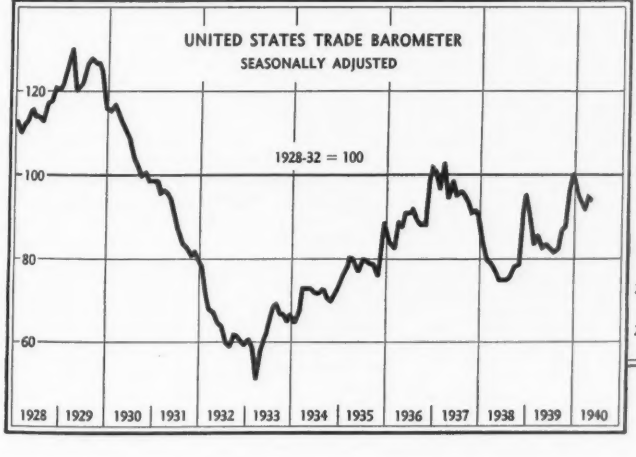
Month-to-month changes were not so uniformly favorable. All of New York State (regions 2, 3, and 4), Detroit, Minneapolis and St. Paul, Iowa and Nebraska, St. Louis, Florida, Portland and Seattle, San Francisco, and Los Angeles experienced more-than-seasonal declines in trade between February and March, but less than 5 per cent.

(Charts and trade reports for each region begin on next page)

THE MAP AND CHART compare the March, 1940, indexes with those for the same month a year ago. The column at the extreme right of the chart indicates the relative importance of the regions: the figures are percentages of national retail trade from the 1935 Census of Business.

THE INDEXES for the regions are charted, with U. S., from 1928, on pages 30-33. They are composites based on: bank debits (Federal Reserve Board), department store sales (Federal Reserve Board), new car registrations (R. L. Polk & Company), and life insurance sales (Life Insurance Sales Research Bureau). In regions 2, 3, 4, 5, and 14, wholesale sales (Department of Commerce), and in region 2, advertising linage *(Editor and Publisher)*, which were found to make those indexes more accurate, are included. In region 15, department store sales have been omitted. Each index is separately adjusted for seasonal variation and for the number of business days in each month. All are comparable. The monthly average for the five years 1928-1932 equals 100. The preliminary figure for the United States is computed one month before regional figures are available.

THE PARAGRAPHS printed opposite the 29 regional charts quote figures for March based on samples of department and retail stores reporting to the Federal Reserve banks; for April and for the first half of May based on opinions and comments of business men in various lines of trade, gathered and weighed by the local DUN & BRADSTREET offices.



REGIONAL TRADE BAROMETERS

REGION	Mar. 1940 Regional Index	Mar. 1940 Compared with Mar. 1939 (%)	Retail 1935 Sales %
		−10 0 +10 +20 +30	
U. S.	95.4	+10.5	100.0
1. NEW ENGLAND	84.5	+11.0	7.8
2. NEW YORK CITY	74.7	+ 3.6	10.3
3. ALBANY AND SYRACUSE	90.8	+ 7.6	2.6
4. BUFFALO AND ROCHESTER	81.8	+ 7.9	1.9
5. NORTHERN NEW JERSEY	89.5	+10.2	2.9
6. PHILADELPHIA	87.7	+ 8.8	6.2
7. PITTSBURGH	94.5	+15.4	3.7
8. CLEVELAND	97.7	+15.3	2.9
9. CINCINNATI AND COLUMBUS	105.7	+16.5	3.1
10. INDIANAPOLIS AND LOUISVILLE	104.3	+13.1	2.6
11. CHICAGO	97.4	+ 8.8	6.4
12. DETROIT	96.0	+15.2	4.0
13. MILWAUKEE	102.5	+10.5	2.2
14. MINNEAPOLIS AND ST. PAUL	97.3	+10.8	4.5
15. IOWA AND NEBRASKA	82.7	+ 8.5	3.0
16. ST. LOUIS	88.7	+ 7.8	2.5
17. KANSAS CITY	95.0	+10.6	3.6
18. MARYLAND AND VIRGINIA	109.5	+11.2	3.8
19. NORTH AND SOUTH CAROLINA	117.2	+18.6	2.1
20. ATLANTA AND BIRMINGHAM	131.6	+19.1	3.5
21. FLORIDA	123.9	+13.5	1.3
22. MEMPHIS	114.3	+21.7	1.5
23. NEW ORLEANS	116.2	+13.5	1.0
24. TEXAS	121.6	+14.2	4.5
25. DENVER	104.7	+ 1.9	1.3
26. SALT LAKE CITY	102.2	+20.8	.8
27. PORTLAND AND SEATTLE	95.5	+12.6	2.7
28. SAN FRANCISCO	89.6	+ 9.1	3.4
29. LOS ANGELES	88.0	+ 6.3	3.9

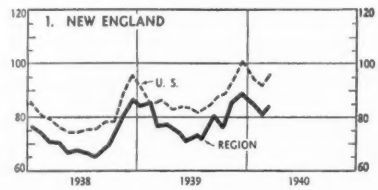
THE REGIONAL TRADE BAROMETERS

These indexes of consumer purchasing are corrected for seasonal variation; the monthly average for the five years 1928-1932 equals 100 (see preceding page). Charts showing the curves since January, 1928, were published in the March, 1940, number and will appear semi-annually. Additional information about the indexes and about their especial usefulness in regional sales quota work, back figures, and data about regional boundaries are available for users of the indexes.

1. New England

MAR., 84.5 FEB., 80.2 MAR. 1939, 76.1

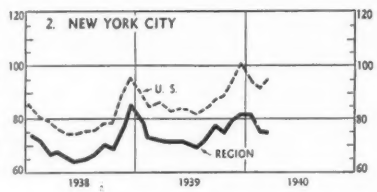
MARCH—Percentage department store sales changes from previous March: Boston +5, Providence —7, New Haven +2. APRIL—Percentage retail trade changes from previous April: Bangor–Manchester 0, Portland–Springfield —10, Boston —7, New Bedford +7, Worcester +2, Hartford —3, Providence —2, New Haven +10. Wholesale trade changes: Portland +3, Boston —5, Springfield —10. Good volume and quality of maple sugar in New Hampshire. Payrolls and production spotty in comparison with last year. Machine tool and aviation industries very active. Shoe manufacturing dull. Textile industry steady. MAY—Department store sales 4% below last year. Industry steady; more inquiries being received about prices and delivery.



2. New York City

MAR., 74.7 FEB., 74.8 MAR. 1939, 72.1

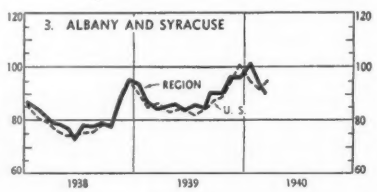
MARCH—Percentage department store sales changes from previous March: New York and Brooklyn 0, Bridgeport +12, Westchester–Stamford +18. APRIL—Percentage retail trade changes from previous April: Bridgeport +5; New York City department store sales —2, hotel sales —1, parcel deliveries —3. New York City employment 7% above last April, 5% below March level; payrolls 10% above a year ago, 8% below previous month. Seasonal decline in New York apparel industries. Bank clearings 4% above previous April in New York and Westchester County, up 8% in Stamford. Collections better than a month ago, steady with a year ago. MAY—Department store sales slightly below last May. Many reorders in wholesale markets.



3. Albany and Syracuse

MAR., 90.8 FEB., 93.8 MAR. 1939, 84.4

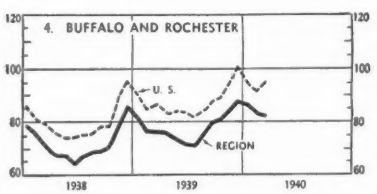
MARCH—Percentage department store sales changes from previous March: Syracuse —1, Northern State +9, Central State +5. APRIL—Percentage retail trade changes from previous April: Albany-Utica 0, Binghamton —8, Syracuse +8. Wholesale trade increases: Albany 5, Syracuse 14. Milk prices higher. Planting delayed by late Spring. Manufacturing of typewriters and electrical appliances steady. Paper output well ahead of last year. Machine tool, metal, rayon, and knit goods manufacturing ahead of a year ago. Production and payrolls generally steady to above April, 1939. Collections fair. MAY—Paper manufacturing showing best gains. Retail sales somewhat better, but stocks still heavy.



4. Buffalo and Rochester

MAR., 81.8 FEB., 82.8 MAR. 1939, 75.8

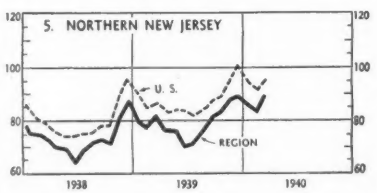
MARCH—Percentage department store sales increases over previous March: Buffalo 2, Rochester 4, Niagara Falls 32. APRIL—Percentage retail trade increases over previous April: Buffalo 2, Elmira 15, Rochester 5. Buffalo wholesale trade 2% above same month of 1939. Farm income steady with last April. Payrolls and production generally above last year, steady with March. Pick-up noted in outdoor employment. Great Lakes navigation officially opened, but not much shipping activity as yet. Collections steady with a year ago and with previous month. MAY—Retail sales up since April, 5% above last May. Large amount of road construction under way. Steel output scheduled at 58% of capacity.



5. Northern New Jersey

MAR., 89.5 FEB., 82.9 MAR. 1939, 81.2

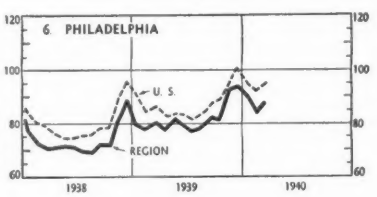
MARCH—Northern New Jersey department store sales 1% above previous March level. APRIL—Newark retail trade 7% above corresponding month last year; wholesale trade up 15%. Both retail and wholesale divisions report gains in comparison with March. Production and sales above a year ago and previous month; employment and payrolls steady with April, 1939, and with March, 1940. Bank clearings 14 per cent above last April in Newark, up 7% in Northern New Jersey. Wholesale collections steady with previous month and previous year, manufacturing collections better than last April. MAY—Department store sales about 8% above level a year ago. Airplane plants obtaining additional space.



6. Philadelphia

MAR., 87.7 FEB., 83.4 MAR. 1939, 80.6

MARCH—Percentage department store sales changes from previous March: Trenton +21, Philadelphia +5, Scranton —5, Wilkes-Barre —8, Harrisburg +6, Wilmington +17. APRIL—Percentage retail trade changes from previous April: Trenton–Harrisburg —5, Allentown–Lancaster —15, Philadelphia —2, Reading–Williamsport–York +5, Scranton —4, Wilkes-Barre —3, Wilmington —10. Philadelphia wholesale trade 5% above last April. Somewhat larger tomato acreage planned. Peach crop late because of cold weather. Payrolls and production vary in comparison with a year ago. Hosiery and garment plants report decreased activity. Steel output steady. MAY—Retail trade compares favorably with rising trend a year ago.



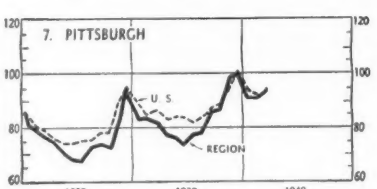
7. Pittsburgh

MAR., 94.5 FEB., 90.7* MAR. 1939, 81.9

MARCH—Percentage department store sales increases over previous March: Erie 9, Pittsburgh 3, Wheeling 4, West Virginia State 19. APRIL—Percentage retail trade changes from previous April: Erie +7, Youngstown +2, Pittsburgh 0, Huntington —5, Charleston +8. Wholesale trade increases: Erie

(Continued directly opposite)

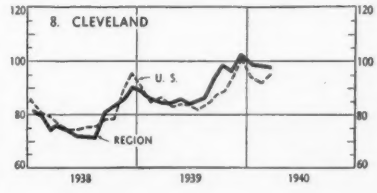
10, Pittsburgh 13, Charleston 15. Payrolls and production steady to above last year. Steel output averaged about 57% of capacity during month. Engineering and electrical plants report high level of orders. Chemical and glass industries showing steady gains. Collections spotty, with an improvement noted in installment accounts. MAY—Retail sales about 7% above last May. Steel output at 64% of capacity. *Revised.



8. Cleveland

MAR., 97.7 FEB., 97.3 MAR. 1939, 84.7

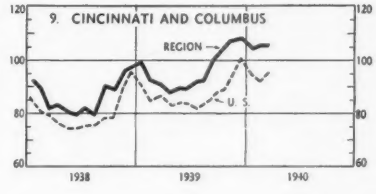
March—Percentage department store sales changes from previous March: Cleveland —1, Akron +3, Toledo —2. April—Percentage retail trade changes from previous April: Cleveland +10, Akron +4, Canton +10, Toledo —3, Lima +5. Wholesale trade changes: Cleveland +5, Akron +13, Toledo —3. Fruit crops late because of cold weather. Payrolls and production generally above last year. Steel rate somewhat higher than in March. Machine tool industry operating close to capacity. Automotive and airplane supplies doing well, with volume well above last year's comparative level. Collections fair to good. May—Retail sales steady to slightly above previous May. Industrial activity above similar month in 1939.



9. Cincinnati and Columbus

MAR., 105.7 FEB., 105.2 MAR. 1939, 90.7

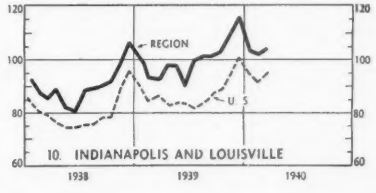
March—Percentage department store sales increases over previous March: Cincinnati 9, Columbus 10. April—Percentage retail trade changes from previous April: Cincinnati +6, Dayton–Zanesville +10, Springfield —3, Columbus —2, Lexington +3. Wholesale trade increases: Cincinnati 10, Columbus 7. Planting retarded by cold weather and heavy rains. Farm income about same as in April, 1939. Payrolls and production vary in comparison with last year. Machine tool industry operating at capacity, with good backlog of orders. $1,500,000 housing project under way in Zanesville. Collections vary in different sections. May—Retail sales steady with a year ago; demand for house-furnishings better than in 1939.



10. Indianapolis and Louisville

MAR., 104.3 FEB., 101.9 MAR. 1939, 92.2

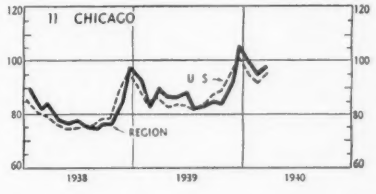
March—Percentage department store sales increases over previous March: Louisville 8, Indianapolis 10, Fort Wayne 12. April—Percentage retail trade changes from previous April: Louisville–Evansville +5, Indianapolis —3, Terre Haute 0, Fort Wayne —22. Wholesale trade changes: Louisville 0, Indianapolis +12. Early crops curtailed by cold and rainy weather. Payrolls and production vary in comparison with April, 1939. Manufacturing of lumber and of metal beds above the same period last year. Industrial volume below last year in Terre Haute, due to closing of a steel mill and a seasonal reduction in coal output. May—Retail sales steady to 12% above last May. Wholesale buying even with 1939.



11. Chicago

MAR., 97.4 FEB., 94.0 MAR. 1939, 89.5

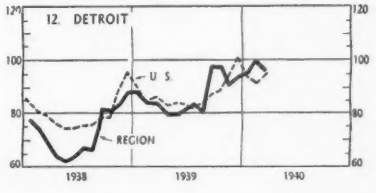
March—Department store sales in Chicago 4% below level of previous March. April—Percentage retail trade changes from previous April: Chicago–Peoria +4, Rockford +10, South Bend —5. Chicago wholesale trade 3% above same month a year ago. Crops getting late start because of rains and cold weather; oats mostly sown. Bank clearings for first quarter 19% above similar period last year. Payrolls and production in Chicago steady to below both last year and previous month. South Bend industrial activity above 1939 and March, due to gains at aviation parts and automobile factories. Collections fair. May—Unseasonable weather in first part of month hampered retail trade. Wholesale buying of sportswear active.



12. Detroit

MAR., 96.0 FEB., 99.6 MAR. 1939, 83.3

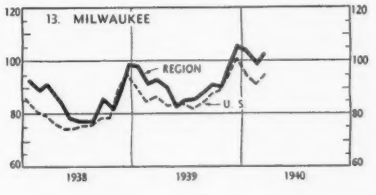
March—Detroit department store sales 3% above previous March level. April—Percentage retail trade increases over previous April: Detroit 3, Grand Rapids 8, Saginaw 5.. Wholesale trade increases: Detroit 8, Grand Rapids 10. Good demand for truck garden crops. Payrolls and production above a year ago, steady to up since March. Seasonal decline in automobile manufacturing and allied lines during month. Industrial machinery output showing increase. Furniture manufacturers expecting good business from mid-season market events now in progress. Collections fair to good. May—Retail volume about 5% above last year's comparative. Wholesale trade 15% above 1939. Automobile output above last May.



13. Milwaukee

MAR., 102.5 FEB., 97.9 MAR. 1939, 92.8

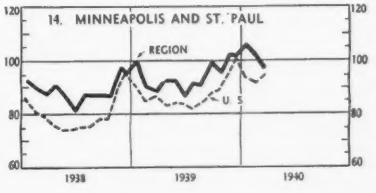
March—Milwaukee department store sales 1% below level of previous March. April—Percentage retail trade changes from previous April: Milwaukee +8, Green Bay —2. Milwaukee wholesale trade averaged 8% above last April; a downtrend noted in consumer goods, an uptrend in capital goods and heavy machinery. Milk flow normal for season. Payrolls and production steady since March, above a year ago. Paper mills still operating at capacity; discontinuance of foreign pulp shipments has not affected local mills perceptibly. Metal trades, machine tools, electrical appliances, control devices, etc., particularly active. May—Department store sales about 15% above last May. Bank clearings slightly below a year ago.



14. Minneapolis and St. Paul

MAR., 97.3 FEB., 101.9 MAR. 1939, 87.8

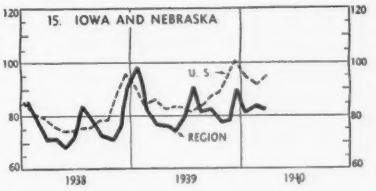
March—Minneapolis–St. Paul–Duluth–Superior department store sales 3% below previous March. April—Percentage retail trade changes from previous April: Duluth–Great Falls —5, Minneapolis +9, St. Paul–La Crosse +4, Fargo +5, Sioux Falls +1, Billings–Butte —20. Wholesale trade changes: Duluth–Minneapolis +10, Great Falls —5. Agricultural operations retarded by cold weather. Montana Winter wheat crop in fine condition; Spring wheat prospects good. Good moisture this Spring improves agricultural outlook in usually dry country west of the Missouri River. Payrolls and production above 1939. Demand for flour and linseed oil fair to good. Copper output steady. May—Retail sales 6% above 1939; wholesale up 5%.



15. Iowa and Nebraska

MAR., 82.7 FEB., 84.5 MAR. 1939, 76.2

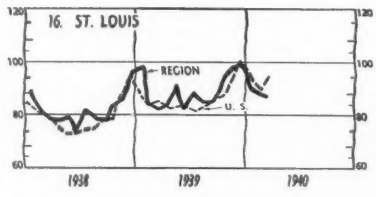
March—Omaha department store sales 6% below previous March level. April—Percentage retail trade changes from previous April: Burlington–Cedar Rapids–Davenport–Des Moines 0, Dubuque —10, Waterloo, +5, Sioux City —4, Lincoln —5, Omaha —2. Wholesale trade changes: Sioux City 0, Des Moines–Omaha —3. Moisture situation good so far. Large amount of corn still held on farms. Spring pig crop as large or larger than a year ago. Payrolls and production steady to above last year. Pork packing active; beef packing below normal because of low receipts. Food processing generally curtailed. Dubuque sash and door mills report good activity. May—Bank clearings about even with same month last year.



16. St. Louis

MAR., 88.7 FEB., 89.6 MAR. 1939, 82.3

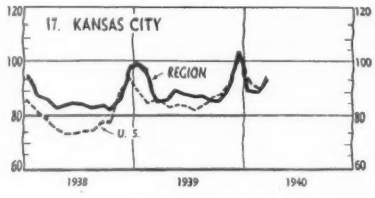
MARCH—Percentage department store sales increases over previous March: St. Louis–Quincy 3, Springfield (Mo.) 12. APRIL—Percentage retail trade changes from previous April: St. Louis +4, Springfield (Mo.) +6, Springfield (Ill.) 0, Quincy —12. St. Louis wholesale trade 5% above previous April level. Wheat prospects good. Farm prices fair. Payrolls and production steady to above last year. Painting, wallpapering, and building lines continued to expand activities. Heavy chemicals continued in good demand. Sales of electrical equipment and appliances advanced. Collections fair to poor. MAY—Retail trade about 10% ahead of similar period last year. Heavy industries continue to gain over 1939.



17. Kansas City

MAR., 95.0 FEB., 89.8 MAR. 1939, 85.9

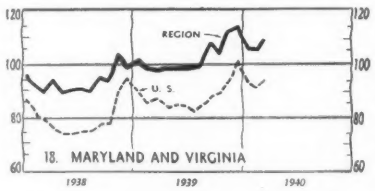
MARCH—Percentage department store sales increases over previous March: Kansas City 2, Oklahoma City 3, Tulsa 10. APRIL—Percentage retail trade changes from previous April: Kansas City 0, St. Joseph —5, Topeka —3, Wichita +5, Oklahoma City +2, Tulsa —1. Wholesale trade changes: Kansas City —5, Oklahoma City +3. Much-needed moisture aided wheat prospects throughout Western Oklahoma; yield estimated still below normal. Payrolls and production steady to above last year. Santa Fe railroad shops on normal time, with slight increase in payrolls over last year. Airplane production increasing at Wichita. MAY—Retail trade somewhat above last May. Wholesaling fairly active.



18. Maryland and Virginia

MAR., 109.5 FEB., 104.4 MAR. 1939, 98.5

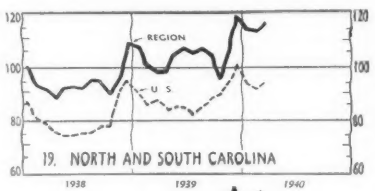
MARCH—Percentage department store sales increases over previous March: Baltimore 3, Washington 4, Richmond 10, Virginia State 9. APRIL—Percentage retail trade changes from previous April: Baltimore +5, Washington —1, Norfolk–Bristol —5, Richmond +3, Lynchburg —6, Roanoke —3. Wholesale trade changes: Baltimore +6, Norfolk +2, Richmond 0. Large part of seeding of oats, clover, and lespedeza completed. Growth of crops retarded by cold weather. Payrolls and production steady to below last year. Shoe, hosiery, and overall manufacturing slower than a year ago. Paper production moderately ahead of April, 1939. MAY—Retail volume slightly ahead of a year ago. Heavy industries very active.



19. North and South Carolina

MAR., 117.2 FEB., 113.3 MAR. 1939, 98.8

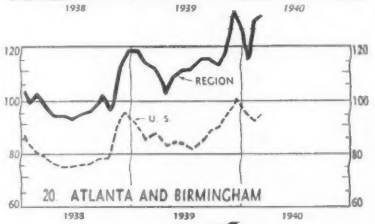
MARCH—Percentage department store sales increases over previous March: North Carolina 16, South Carolina 15. APRIL—Percentage retail trade changes from previous April: Asheville–Wilmington —3, Winston-Salem–Charlotte 0, Raleigh–Charleston +5, Columbia +10, Greenville +7. Wholesale trade changes: Wilmington–Charleston 0, Winston-Salem +6. Cabbage crop smallest in years, about 50% of acreage planted. Farm prices generally higher than a year ago. Payrolls and production vary in comparison with last year, steady to lower since March. Fertilizer shipments below expectations due to unfavorable weather. Collections fair. MAY—Retail trade improved with better weather



20. Atlanta and Birmingham

MAR., 131.6 FEB., 128.1 MAR. 1939, 110.5

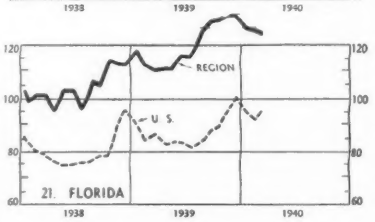
MARCH—Percentage department store sales increases over previous March: Atlanta 11, Birmingham 18, Montgomery 24, Nashville 6. APRIL—Percentage retail trade changes from previous April: Atlanta–Augusta +10, Columbus +20, Macon–Chattanooga +3, Savannah —10, Birmingham +5, Montgomery +4, Mobile–Knoxville 0, Nashville —5. Wholesale trade changes: Atlanta +2, Birmingham —10, Nashville —5. Strawberries severely damaged by cold weather. Potato and cabbage crops late. Payrolls and production vary in comparison with April, 1939. Some slackening in demand for textiles. Steel and iron production ahead of last year. Lumber and building materials active. MAY—Alabama pig iron production at 100% of capacity; steel about 83%.



21. Florida

MAR., 123.9 FEB., 124.1 MAR. 1939, 109.2

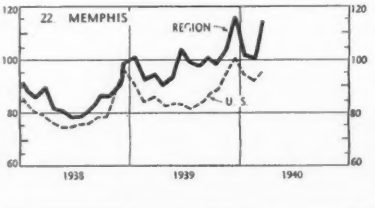
MARCH—Florida department store sales about 10% above previous March level. APRIL—Percentage retail trade increases over previous April: Jacksonville 2, Miami 5, Tampa 8. Jacksonville wholesale trade 14% above last April; Tampa wholesaling up substantially, but spotty. Citrus shipments light; prices have increased. Vegetable shipments fairly heavy in beans, tomatoes, and peppers; prices holding up well. Payrolls and production steady to above last year and last month. Lumber and saw mills cutting normal amount. Cigar production steady in Jacksonville, above March level in Tampa. Miami Winter tourist season about the best in history. MAY—Many shops closing, as tourist season ends.



22. Memphis

MAR., 114.3 FEB., 100.6 MAR. 1939, 93.9

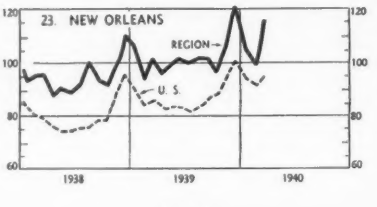
MARCH—Percentage department store sales increases over previous March: Memphis 19, Fort Smith 14, Little Rock 23. APRIL—Percentage retail trade changes from previous April: Memphis —5, Fort Smith +8, Little Rock +10. Memphis wholesale trade 5% below previous April. Mid-month cold snap damaged fruit crops to some extent. Warmer weather allowed planting and replanting of other crops. Spinach yield and price good. Payrolls and production steady to above last April. Lumber business quiet. Two Fort Smith furniture plants on strike, but during normal dull season effect on trade is not so harmful. Collections fair to good. MAY—Little cotton being sold. Continued poor weather restricting retail trade.



23. New Orleans

MAR., 116.2 FEB., 99.8 MAR. 1939, 102.4

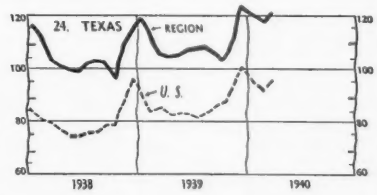
MARCH—New Orleans department store sales 11% above level of previous March. APRIL—Percentage retail trade changes from previous April: New Orleans 0, Jackson +8, Meridian —12. Wholesale trade steady with last April in New Orleans; lumber and building materials in good demand due to extensive residential construction activities. Strawberry crop short due to late frost, but prices up 25 to 30% over last year. Production and payrolls steady with a year ago and with March. Activity steady in oil fields near Jackson; most of oil land in Mississippi now leased. Collections in all divisions steady with a year ago and with previous month. MAY—New Orleans bank clearings about 3% above similar 1939 period.



24. Texas

MAR., 121.6 FEB., 116.5 MAR. 1939, 106.5

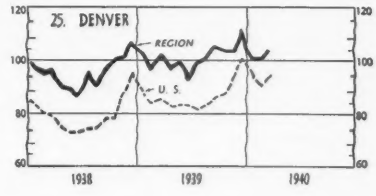
MARCH—Percentage department store sales increases over previous March: Dallas 7, Fort Worth 17, Houston 12, San Antonio 4. APRIL—Percentage retail trade changes from previous April: Dallas —10, *Fort Worth–Beaumont–Shreveport* —5, Amarillo–Lubbock +12, Wichita Falls +5, El Paso 0, Houston —2, Galveston +10, Waco +4, Austin +2, San Antonio —12. Wholesale trade changes: Dallas —5, Houston —1, San Antonio +3, Fort Worth +2, *Shreveport +8. Rainfall aided growing* crops; soil conditions good for cotton planting. *Payrolls and production generally steady with a* year ago. Oil and gas production, refining, and marketing steady. MAY—*Department store sales* up 4% from a year ago. Bank clearings up 8%.



25. Denver

MAR., 104.7 FEB., 100.2 MAR. 1939, 102.7

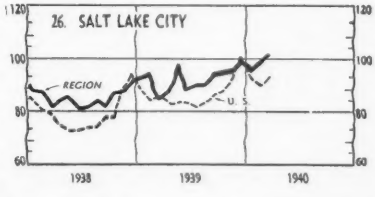
MARCH—Denver department store sales 3% below corresponding month last year. APRIL—Percentage *retail trade changes from previous April:* Denver +4, Albuquerque —5. Denver wholesale trade 2% ahead of previous April level. *Good stands* of Spring crops reported in practically all sections. Moisture ample for time being. Payrolls and pro*duction steady with a year ago in Albuquerque,* up in Denver. Mills operating normally. Some railroad shops on six-day week. Building activity good, mostly with FHA assistance. All indications point to most successful tourist season in history. *Collections fair. MAY—Additional moisture needed* for ranges. Retail trade 7 to 10% above last May; wholesale up 5%.



26. Salt Lake City

MAR., 102.2 FEB., 98.1* MAR. 1939, 84.6

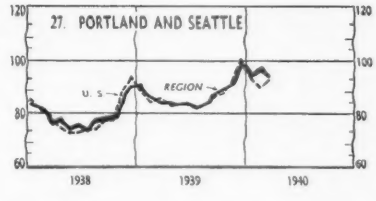
MARCH—Salt Lake City department store sales 12% above corresponding month last year. APRIL—Salt Lake City retail trade averaged about 5% above a year ago, even with previous month; hardware sales up 20% from last year, 10% from March; *apparel sales 8 to 10% below a year ago; other lines* varied in between. Wholesale trade 18 to 20% above last April, 10 to 12% above previous month; hardware and building supplies showed largest gains. Range and water conditions good. Growing crops in satisfactory condition. *Production,* sales, employment, and payrolls above the year-ago comparatives, steady with March level. Collections steady with last year and last month. MAY—Department store sales 8% above 1939. * Revised.



27. Portland and Seattle

MAR., 95.5 FEB., 97.3 MAR. 1939, 84.8

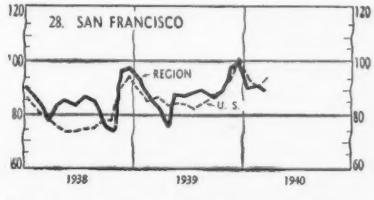
MARCH—Percentage department store sales increases over previous *March: Seattle 11, Tacoma 6, Spokane* 14, Portland 3. APRIL—Percentage retail trade changes from previous April: Seattle +5, Tacoma–Spokane +8, Portland —8. Wholesale trade changes: Seattle 0, Portland +5. Asparagus and rhubarb being shipped from *Puyallup Valley; crop* and prices reported some better than last year. *Fruit crops developing fast with early warm weather.* Payrolls and production steady to above last year. Scarcity of ships still hampering lumber and other industries. Airplane factories report good backlogs. Heavy machinery output 5% ahead of last year. *MAY—Lumber industry still moderately* ahead of last year.



28. San Francisco

MAR., 89.6 FEB., 91.7 MAR. 1939, 82.1

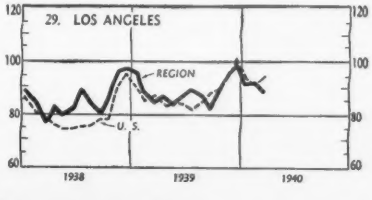
MARCH—Percentage department store sales increases over previous March: San Francisco 3, Oakland 9. APRIL—Percentage retail trade decreases from previous April: San Francisco–Oakland–Fresno 5, *Sacramento 3. Crop estimates in comparison* with last year: cherries 30%, apricots 40%, peaches 70%, almonds 60%, pears 60%. Canneries packing asparagus and spinach; fresh asparagus shipments double those of last year. Payrolls and production *generally below a year ago, except in San Francisco,* where conditions were spotty. Sales of agricultural implements fairly active. Collections fair to poor. MAY—Retail trade spotty, 5 to 8% below last May. Best wholesale reports from dealers in automotive supplies and electrical goods.



29. Los Angeles

MAR., 88.0 FEB., 91.7 MAR. 1939, 82.8

MARCH—*Percentage department store sales changes* from previous March: Los Angeles —2, Arizona State +12. APRIL—Percentage retail trade increases over previous April: Los Angeles 0, San Diego 5; Phoenix trade up somewhat from a year ago. *Los Angeles wholesale trade up 5% in com*parison with last April. April shipments of oranges *highest in history; prices higher than in March.* Payrolls and production steady to above last year. Aircraft production continues to expand. Mining activity steady. Building activity increased over March; residential construction at record-breaking levels. *Collections fair to good.* MAY—Sustained improvement in retail sales. Wholesaling above 1939 level.



APPLE BLOSSOMS NEAR WARNER, N. H.—PHOTO BY PHILIP GENDREAU

INDUSTRIAL AND COMMERCIAL FAILURES

	Number of Failures				Current Liabilities (Thousands of dollars)				Dun's Insolvency Index†							
									Unadjusted				Adjusted‡			
	(New Series)		(Old Series)		(New Series)		(Old Series)		(New Series)		(Old Series)		(New Series)		(Old Series)	
	1940	1939	1939	1938	1940	1939	1939	1938	1940	1939	1939	1938	1940	1939	1939	1938
Jan.	1,237	1,567	1,263	1,377	15,279	20,790	19,122	21,415	67.1	86.0	69.3	76.2	54.6	69.9	56.3	62.0
Feb.	1,042	1,202	963	1,149	13,472	13,582	12,788	21,028	66.7	78.0	62.5	75.2	58.0	67.8	54.3	65.4
Mar.	1,197	1,322	1,057	1,167	11,681	19,002	17,851	40,325	62.6	72.6	58.1	64.8	61.4	71.9	57.5	64.2
Apr.	1,291	1,331	1,064	1,172	16,247	18,579	17,435	21,147	70.1	73.1	58.5	65.1	67.4	71.0	56.8	63.2
May	....	1,334	1,028	1,123	....	15,897	14,664	19,139	...	70.5	54.3	59.8	...	69.8	53.8	59.2
June	....	1,119	847	1,073	....	12,581	11,460	15,918	...	66.5	50.3	64.1	...	69.3	52.4	67.5
July	....	1,153	885	1,038	....	14,999	14,128	14,761	...	63.0	48.3	57.2	...	70.8	54.3	64.3
Aug.	....	1,126	859	1,015	....	12,637	11,259	16,382	...	61.4	46.8	53.8	...	72.2	55.1	63.3
Sept.	....	1,043	758	866	....	10,545	9,402	14,341	...	59.0	42.9	51.6	...	70.2	51.1	61.4
Oct.	....	1,234	916	997	....	17,464	16,140	13,219	...	67.0	49.7	54.7	...	72.8	54.0	59.4
Nov.	....	1,184	886	984	....	13,201	11,877	12,302	...	72.6	54.3	53.9	...	69.8	52.2	51.8
Dec.	....	1,153	882	875	....	13,243	12,078	36,528	...	65.0	49.7	56.7	...	64.3	49.2	56.1
Total	...	14,768	11,408	12,836	....	182,520	168,204	246,505	...	69.6	53.7	61.1	...	...	...	...

† Apparent annual failures per 10,000 enterprises. ‡ For seasonal variation.

ANALYZING *the* RECORD *of* INDUSTRIAL *and* COMMERCIAL FAILURES

APRIL FAILURES CONTINUE RISE FROM JANUARY LOW

INDUSTRIAL and commercial failures totalled 1,291 in April, compared with 1,197 in March and 1,331 in April, 1939. The 8 per cent increase in numbers over last month was accompanied by a 39 per cent increase in current liabilities, which rose from $11,681,000 in March to $16,247,000 in April. This amount, however, was less than the $18,579,000 a year ago.

When the record of the number of failures is converted into the insolvency index the increase of 94 cases resolves itself into an increase of 7.5 points. April failures occurred at the rate of 70.1 in every 10,000 concerns compared with a rate of only 62.6 in every 10,000 during March. A slight upturn in the index is normal in April, presumably reflecting first-quarter settlements, but the current rise was considerably in excess of the seasonal expectations, and, as a result, the adjusted index rose from 61.4 in March to 67.4. This six point rise, following substantial rises in both February and March, brought the adjusted index well up from its recent low point of 54.6 in January. Much of the severe drop which occurred in November and December has been wiped out and failures are within about 5 per cent of the level during most of 1939.

The high points of the failure record in April are, briefly: sharp increases in manufacturing failures, fairly well distributed over the country; significant increases in retail trade only in New York and Chicago; large failures more numerous.

In more detail, manufacturing failures in April increased 21 per cent. This increase was more than matched in the numerically small groups by a 24 per cent rise in construction and a 31 per cent rise in commercial service. Retail trade failures rose only 4 per cent, while wholesale trade failures dropped 7 per cent. Increased manufacturing failures were reported in six of the twelve main lines of business, most noticeably in foods, with a 43 per cent rise; in textiles, with a 44 per cent rise; and in paper, printing and publishing, with a 63 per cent rise, most of this in printing establishments. Fuel, stone, and steel products were also up.

An early Easter and an unseasonably cold Spring in the East seriously upset the clothing industry, but apparently the brunt of the difficulties were borne by the manufacturers, for contrary to the severe rise in failures among clothing manufacturers, failures among apparel shops dropped 14 per cent, from 157 in March to 135 in April. The only retail lines which experienced notably increased failures in April were furniture and house-furnishings, hardware, and automotive products. Failures in the large food group were unchanged.

Failures in March, April, and May of last year were relatively high in both production and distribution lines, but recent sharp increases in the numbers of both manufacturing and retail trade failures have brought the current levels of these groups close to those of a year ago. Wholesale trade failures particularly were very high last Spring, but since June of last year they have been fairly stable in number and at the pres-

ent time are 29 per cent below those of last April. Neither construction nor service failures shared in last Spring's rise, so that recent increases have carried them well above last April.

Industry Group	April 1940	April 1939	Per Cent Change
Manufacturing	261	272	— 4
Wholesale Trade ..	114	160	—29
Retail Trade	766	790	— 3
Construction	78	52	+50
Commercial Service	72	57	+26
Total	1,291	1,331	— 3

Line by line, failures among manufacturers in April were almost equal in number with those a year ago. There were only two exceptions; failures in stone, clay, and glass products were much higher, and failures in machinery much lower. More divergency appeared in the levels of the various retail trade lines, although failures in the large food group were practically the same in both years. Fewer apparel shops closed in April than a year ago, but more hardware stores and garages and taverns folded up. Judging by the decreased number of failures, wholesalers of foods and clothing were in April in a considerably more settled condition than a year before.

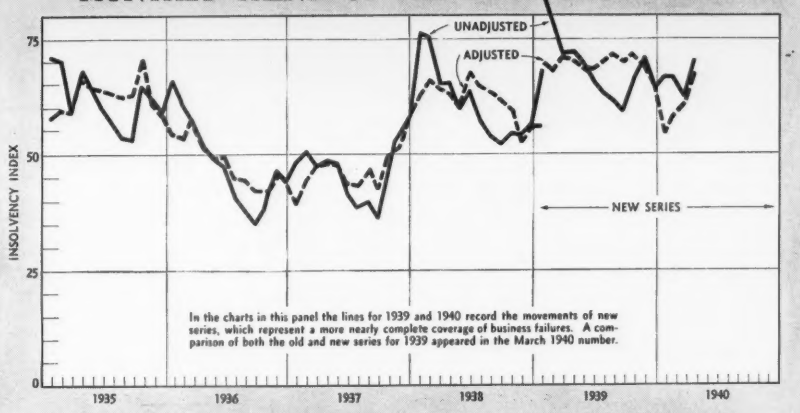
The sharp upturn in the amount of potential losses in April was the most pronounced that has taken place in many months. The trend of liabilities is governed to a great extent by the change in the number of large failures, and we find that one important feature of the April record was an increase in large failures. Those with liabilities of $100,000 and over jumped from 10 in March to 28 in April. They were well distributed among the industry groups, with manufacturing and construction bearing the greatest amount of increase in liabilities.

Large Failures by Industry Groups

	April	March
Manufacturing	15	8
Wholesale Trade	1	..
Retail Trade	5	2
Construction	5	..
Commercial Service	2	..
Total	28	10

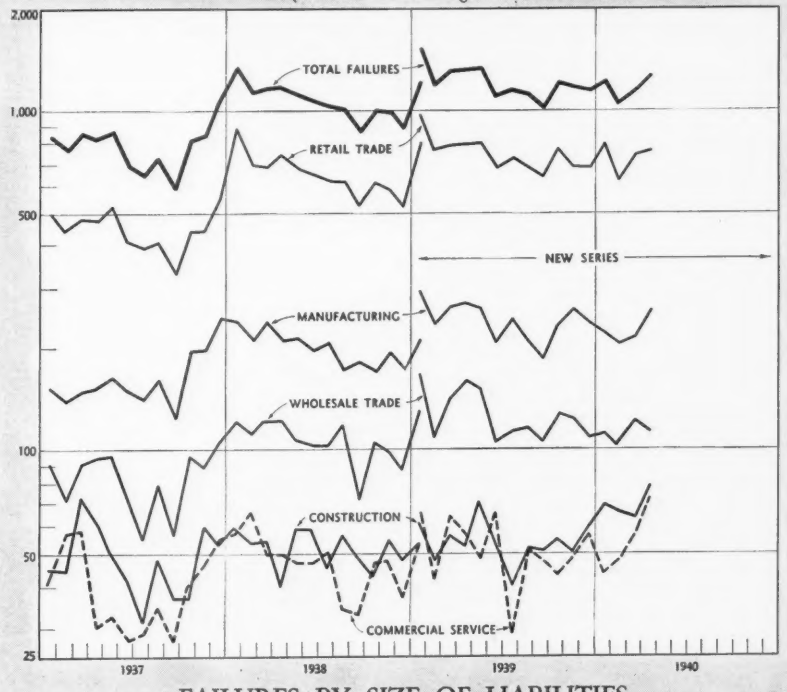
Ten of these large failures occurred in the New York district (Federal Re-

MONTHLY TREND OF THE INSOLVENCY INDEX


UNADJUSTED
ADJUSTED
NEW SERIES
INSOLVENCY INDEX
75
50
25
0
1935
1936
1937
1938
1939
1940
In the charts in this panel the lines for 1939 and 1940 record the movements of new series, which represent a more nearly complete coverage of business failures. A comparison of both the old and new series for 1939 appeared in the March 1940 number.

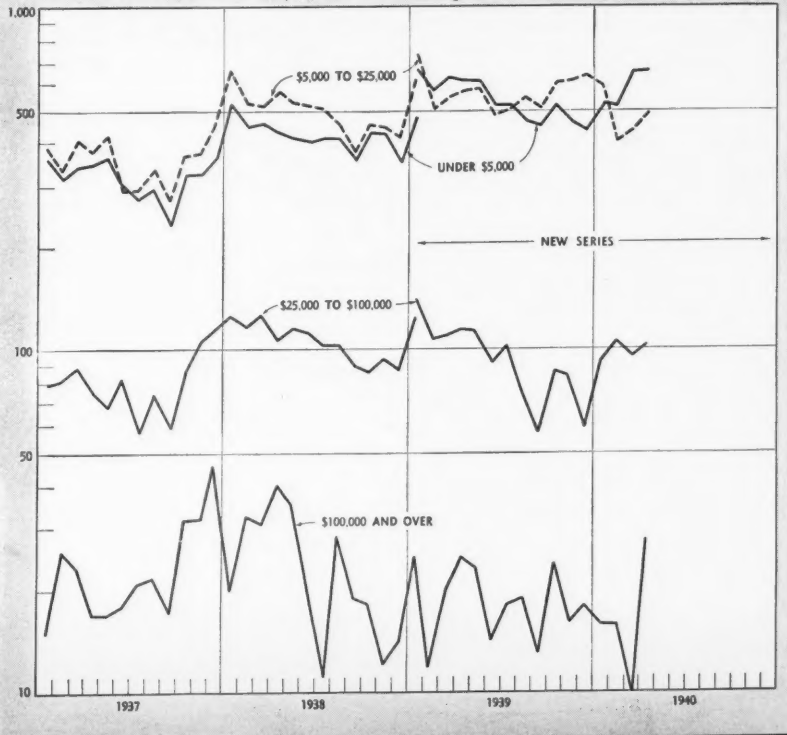
FAILURES BY INDUSTRIAL GROUPS

(The Vertical Scale is Logarithmic)



FAILURES BY SIZE OF LIABILITIES

(The Vertical Scale is Logarithmic)



serve), 8 in the Chicago district, and 5 in the San Francisco district. Total liabilities, however, took the greatest jumps in the St. Louis, Philadelphia, New York, and Boston districts, where the increases in liabilities over March exceeded 50 per cent.

The number of failures in the other size groups, with the exception of the very small, also increased—those with liabilities between $25,000 and $100,000, 9 per cent; those with debts between $5,000 and $25,000, 15 per cent.

Comparing failures with those of a year ago by size, it is found that the very small and the very large are now more numerous, and that the net decline of 3 per cent in the total was caused by fewer failures among medium-sized concerns.

Size of Liabilities	April 1940	April 1939	Per Cent Change
Under $5,000	663	615	+ 8
$5,000–$25,000	498	577	−14
$25,000–$100,000	102	114	−11
$100,000–$1,000,000	28	23	+22
$1,000,000 and over	..	2	..
Total	1,291	1,331	− 3

Geographically, failures rose in April in nine of the twelve Federal Reserve Districts. Slightly decreased numbers of failures in the Kansas City and Minneapolis districts indicated that the great Western section of the country was relatively untouched by the tendency toward increasing numbers of failures, although in the State of Kansas failures did increase. The Cleveland district also reported fewer failures, mainly because of a dropping off in the city of Pittsburgh.

Failures increased at an equal rate in the 25 largest cities as a whole and in the balance of the country, but there was much variation in the records of the cities. Sixteen reported fewer failures; 9 reported increases much in excess of a normal April rise. The latter, in order of relative increase over March, were Seattle, St. Louis, Buffalo, Detroit, Philadelphia, Boston, New York, and Chicago.

Failures in 1940 through April were 12 per cent below those of the corresponding period of 1939. The following table presents failures in the Federal Reserve Districts in order of the improvement in this year's record over last year's. There appears to be no definite geographical trend.

Federal Reserve District	Jan.-Apr. 1940	Jan.-Apr. 1939	Per Cent Change
Dallas	91	135	−33
Cleveland	242	333	−27
Richmond	196	247	−21
New York	1,711	2,009	−15
St. Louis	130	145	−10
Philadelphia	323	354	− 9
Chicago	706	777	− 9
Kansas City	205	222	− 8
Atlanta	247	264	− 7
Boston	352	370	− 5
Minneapolis	79	81	− 2
San Francisco	485	485	0
Total	4,767	5,422	−12

Failures by Divisions of Industry—April, 1940 and 1939

(Current liabilities in thousands of dollars)

	Number			Liabilities		
	April 1940	March 1940	April 1939	April 1940	March 1940	April 1939
Total United States	1,291	1,197	1,331	16,247	11,681	18,579
Manufacturing (total)	261	216	272	6,925	4,336	8,647
Foods	70	49	70	1,718	911	1,475
Textiles	52	36	53	587	620	1,131
Forest Products	22	28	19	535	659	346
Paper, Printing and Publishing	31	19	24	1,318	267	737
Chemicals and Drugs	6	12	7	33	342	106
Fuels	10	4	12	426	107	1,171
Leather and Leather Products	6	8	10	175	242	1,841
Stone, Clay, Glass, and Products	12	7	2	639	93	14
Iron and Steel	14	11	14	307	477	388
Machinery	7	8	20	92	54	586
Transportation Equipment	4	6	2	251	190	388
All Other	27	28	39	844	374	464
Wholesale Trade (total)	114	123	160	1,666	1,340	2,547
Farm Products, Foods, Groceries	37	38	60	620	524	911
Clothing and Furnishings	6	7	12	47	59	112
Dry Goods and Textiles	7	6	10	142	47	92
Lumber, Building Materials, Hardware	15	15	12	175	199	418
Chemicals and Drugs	3	8	2	71	66	16
Fuels	3	1	6	11	50	185
Automotive Products	2	8	7	10	91	151
Supply Houses	7	9	12	53	50	100
All Other	34	31	39	537	254	562
Retail Trade (total)	766	740	790	5,198	4,585	6,086
Foods	225	227	221	1,176	984	1,227
Farm Supplies, General Stores	22	23	32	164	143	278
General Merchandise	31	42	41	398	269	492
Apparel	135	157	154	760	878	877
Furniture, Household Furnishings	56	39	64	384	236	602
Lumber, Building Materials, Hardware	40	29	34	602	319	568
Automotive Products	65	47	53	571	379	553
Restaurants	106	95	96	694	826	573
Drugs	44	40	44	273	205	388
All Other	42	41	51	176	346	528
Construction (total)	78	63	52	1,547	668	746
General Contractors	14	20	3	425	316	34
Carpenters and Builders	9	4	14	53	13	171
Building Sub-contractors	53	38	31	755	306	379
Other Contractors	2	1	4	314	33	162
Commercial Service (total)	72	55	57	911	752	553
Cleaners and Dyers, Tailors	16	10	11	72	139	113
Haulage, Buses, Taxis, etc.	18	16	12	302	235	139
Hotels	6	4	2	229	126	65
Laundries	6	9	8	106	145	83
Undertakers	3	2	7	43	9	56
All Other	23	14	17	159	98	97

SIGNIFICANT BUSINESS INDICATORS

COMPILED BY THE STATISTICAL STAFF OF "DUN'S REVIEW"

More detailed figures appear in "DUN'S STATISTICAL REVIEW"

Building Permit Values—215 Cities

GEOGRAPHICAL GROUPS:	April 1940	April 1939	Per Cent Change	March 1940	Per Cent Change
New England	$6,313,763	$4,684,888	+ 34.8	$7,071,377	— 10.7
Middle Atlantic	34,163,790	25,146,730	+ 35.9	31,592,213	+ 8.1
South Atlantic	13,609,392	10,598,931	+ 28.4	12,759,014	+ 6.7
East Central	27,241,314	17,381,483	+ 56.7	19,277,130	+ 41.3
South Central	10,101,035	11,052,293	— 8.6	12,198,710	— 17.2
West Central	7,940,791	6,846,934	+ 16.0	4,418,253	+ 79.7
Mountain	4,824,393	2,849,180	+ 69.3	2,539,222	+ 90.0
Pacific	18,389,205	16,707,802	+ 10.1	20,742,873	— 11.3
Total U. S.	$122,583,683	$95,268,241	+ 28.7	$110,598,792	+ 10.8
New York City	$24,771,385	$18,690,979	+ 32.5	$21,646,265	+ 14.4
Outside N. Y. C.	$97,812,298	$76,577,262	+ 27.7	$88,952,527	+ 10.0

Bank Clearings—22 U. S. Cities

(Millions of dollars)

	Monthly			Daily Average		
	1940	1939	1938	1940	1939	1938
January	23,922	23,187	21,798	920.1	927.5	871.9
February	20,446	19,711	17,584	889.0	896.0	799.2
March	23,615	24,995	22,822	908.3	925.7	845.3
April	23,383	21,798	21,667	899.3	871.9	833.4
May	.....	22,188	20,169	....	853.4	806.8
June	.....	23,022	23,959	....	885.5	921.5
July	.....	21,386	21,624	....	855.4	865.0
August	.....	22,591	19,716	....	836.7	730.2
September	.....	23,820	21,733	....	952.8	869.3
October	.....	22,244	24,011	....	889.8	960.4
November	.....	22,598	21,637	....	982.5	940.7
December	.....	26,596	27,697	....	1,063.8	1,065.3
Total	.....	274,136	264,417	....	911.7	875.8

Bank Clearings for Individual Cities

(Thousands of dollars)

	April 1940	April 1939	Per Cent Change	March 1940
Boston	961,370	1,066,508	— 9.9	1,126,862
Philadelphia	1,755,000	1,494,000	+ 17.5	1,759,000
Buffalo	145,231	135,094	+ 7.5	143,014
Pittsburgh	524,346	450,349	+ 16.4	570,198
Cleveland	429,334	378,855	+ 13.3	434,695
Cincinnati	255,931	233,244	+ 9.7	271,082
Baltimore	338,911	274,055	+ 23.7	343,896
Richmond	168,979	147,893	+ 14.3	163,551
Atlanta	268,900	240,500	+ 11.8	273,800
New Orleans	176,113	150,484	+ 17.0	191,436
Chicago	1,368,080	1,195,761	+ 14.4	1,364,885
Detroit	466,331	396,846	+ 17.5	479,484
St. Louis	395,379	348,321	+ 13.5	396,411
Louisville	146,066	133,677	+ 9.3	184,197
Minneapolis	325,538	259,340	+ 25.5	294,171
Kansas City	402,778	349,433	+ 15.3	393,958
Omaha	129,153	116,473	+ 10.9	132,157
Dallas	247,296	208,809	+ 18.4	253,559
San Francisco	633,620	571,313	+ 10.9	627,011
Portland, Ore.	142,276	123,145	+ 15.5	158,927
Seattle	164,088	140,990	+ 16.4	163,328
Total 21 Cities	9,444,720	8,415,090	+ 12.2	9,725,622
New York	13,937,930	13,382,998	+ 4.1	13,889,325
Total 22 Cities	23,382,650	21,798,088	+ 7.3	23,614,947

Dun & Bradstreet Wholesale Food Price Index

The index represents the sum total of the wholesale price per pound of 31 commodities in general use.

WEEKS:	1940	1939	1938	1937
May 28	$2.19	$2.25	$2.34	$2.85
May 21	2.20	2.25	2.35	2.85
May 14	2.27	2.27	2.35	2.86
May 7	2.33	2.28	2.34	2.84
Apr. 30	2.34	2.27	2.36	2.82
Apr. 23	2.33	2.27	2.36	2.86
Apr. 16	2.30	2.28	2.37	2.89
Apr. 9	2.30	2.28	2.37	2.89
Apr. 2	2.28	2.27	2.41	2.94

	HIGH		LOW	
1940	$2.36	Jan. 30	$2.20	May 21
1939	$2.46	Sept. 19	$2.13	Aug. 15
1938	$2.53	Jan. 4	$2.34	May 10

Dun & Bradstreet Daily Wholesale Price Index 30 Basic Commodities

(1930-1932 = 100)

	1940			
	May	Apr.	Mar.	Feb.
1	120.22	117.92	119.00	119.63
2	119.98	117.46	118.92	119.36
3	120.27	117.77	†	118.93
4	120.23	117.77	119.22	† ....
5	†	117.89	119.69	118.96
6	119.76	117.52	119.79	119.02
7	119.86	†	119.87	118.76
8	120.29	117.85	119.53	118.74
9	120.27	118.81	119.60	119.16
10	121.55	118.93	†	119.08
11	121.58	119.33	119.31	† ....
12	†	119.47	119.21	* ....
13	121.53	119.49	118.57	118.36
14	119.44	†	118.88	118.31
15	116.51	119.75	118.50	118.52
16	117.50	120.43	117.95	119.24
17	117.50	120.28	†	119.17
18	115.31	121.40	118.01	† ....
19	†	121.39	118.36	119.20
20	116.52	121.41	119.13	119.39
21	115.96	†	119.08	119.94
22	115.83	121.92	*	* ....
23	115.40	121.79	*	119.95
24	115.86	121.50	†	119.56
25	116.36	121.24	119.03	† ....
26	†	120.89	118.25	119.31
27	116.59	120.91	118.17	119.10
28	116.08	†	118.39	119.44
29	116.19	121.13	117.99	119.54
30	*	120.74	118.00	
31	115.53		†	

† Sunday. * Markets closed.

	HIGH		LOW	
1940	123.34	Jan. 2	115.31	Apr. 18
1939	124.19	Dec. 18	101.40	July 24
1938	117.06	Jan. 10	102.43	June 2

THROUGH THE STATISTICIAN'S EYES

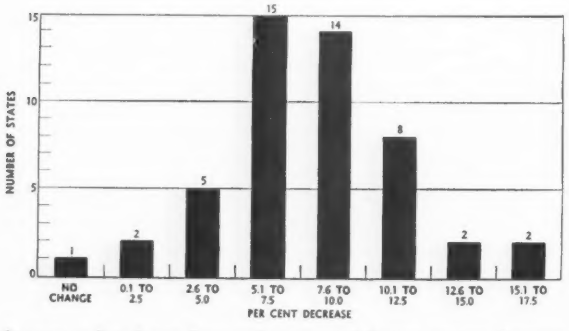
ODD AND INTERESTING ITEMS FROM THE MONTH'S RECORD

State Income Payments

ONCE AGAIN the U. S. Bureau of Foreign and Domestic Commerce has brought forth figures on income payments to individuals, by States (see DUN'S REVIEW, July, 1939, page 42). The latest reports show a decline in per capita income payments from 1937 to 1938 in every State except South Dakota. The per capita average for the United States as a whole dropped from $566 in 1937 to $515 in 1938, and State variations during the later year ranged from $205 in Mississippi to $822 in New York.

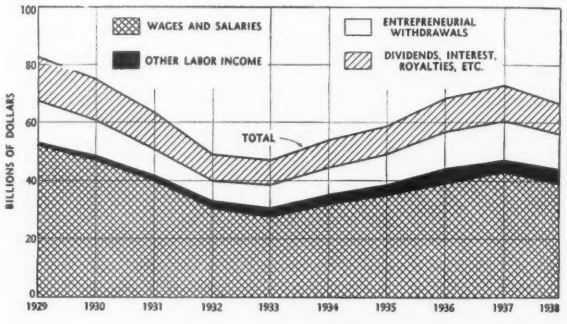
Per capita incomes exceeded the national average for 1938 in nineteen States and the District of Columbia. In general, the Northeastern States were farthest above, with Western States next highest, and the Southern States farthest below. Arizona, the District of Columbia, Louisiana, Nevada, New Mexico, and South Carolina reported per capita incomes at more than 90 per cent of the 1929 level (New Mexico payments were 6 per cent higher than in 1929), but of these areas, only Arizona and the District of Columbia had incomes above the average for the United States in 1938.

Total income payments, at $67,027,000,000 in 1938, were 81.3 per cent of the 1929 level. Net salaries and wages amounted to 75.7 per cent of 1929; entrepreneurial withdrawals, 83.0 per cent; dividends, interest, net rents and royalties, 72.3 per cent; and other labor income (consisting of pension payments, compensation, adjusted service certificate disbursements, direct relief payments, work relief payments, Social Security benefits, etc.), 466.5 per cent. Population showed an increase of 7.1 per cent between 1929 and 1938, per capita income payments a decline of 24.2 per cent.



CHANGES IN PER CAPITA INCOME PAYMENTS, 48 STATES AND THE DISTRICT OF COLUMBIA—*1937-1938—U. S. Bureau of Foreign and Domestic Commerce—Incomes declined in all States but one, but the decreases were quite uneven throughout the country, ranging between 1 and 18 per cent.*

It was pointed out that income payments differ somewhat in their components from national income. Direct relief, veterans' pensions and adjusted service benefits, and payments under Social Security legislation are included in income payments, but not in national income. The latter, on the other hand, covers business savings (positive in 1929, but not since) and Social Security contributions by employers and employees, not included in income payments.

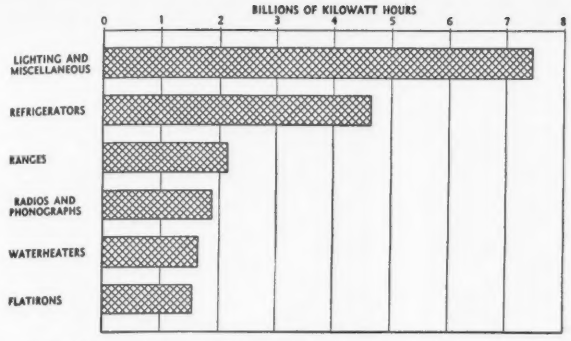


COMPOSITION OF INCOME PAYMENTS IN THE CONTINENTAL UNITED STATES —*1929-1938—U. S. Bureau of Foreign and Domestic Commerce—Wages and salaries made up 59 per cent of total income payments in 1938, compared with 64 per cent in 1929; other labor income accounted for 7.2 per cent of the total in 1938, against 1 per cent in 1929.*

Domestic Electric Appliances

WHICH of the electrical appliances in your home uses the most electricity? Probably either the water-heater or the electric range, if you own them, for a water-heater in normal use consumes 3,300 kilowatt-hours per year, a range 1,200 kilowatt-hours. Other appliances, according to the Edison Electric Institute, normally consumed electricity in 1939 in the following average amounts: refrigerators, 396 kilowatt-hours; radios and phonographs, 100 kilowatt-hours; flatirons, 80; oil burners, 250; washing machines, 30; vacuum cleaners, 24; roasters, 300; toasters, 30; percolators, 50; electric clocks, 15; ironing machines, 125; and space heaters, 50.

Ironing and entertainment seem to be the pastimes for which domestic electric appliances are most frequently considered necessary. There were 24,025,000 electric irons in homes last year, and 23,500,000 radios and phonographs. Refrigerators, numbering more than 13,000,000, were also widely owned. There were about the same number of toasters as there were electric clocks—12,500,000. Washing machines and vacuum cleaners each totalled about 11,700,000. But there were only 2,100,000 electric ranges, 1,600,000 electric oil burners, and 652,125 electric water-heaters.



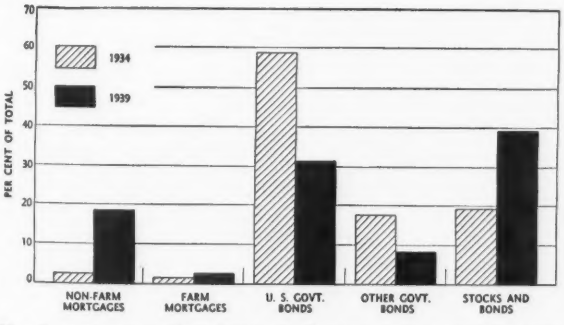
ENERGY USED BY DOMESTIC ELECTRIC APPLIANCES—*Estimate for 1939—Edison Electric Institute—Of the six largest users of electricity in the home, flatirons in normal use consume the least number of kilowatt-hours in a year, while lighting consumes the greatest amount.*

Investments of Life Insurance Companies

ONE OUT OF EVERY TWO LIVES is protected by some kind of insurance today, according to the Federal Home Loan Bank Board, as against only one in ten at the turn of the century. As the number of policies has increased, so the problems connected with the investment of assets have multiplied, resulting in a necessity for changing the composition of investment portfolios as time goes on.

In the decade between 1929 and 1939 the outstanding developments were an increase in Government bond holdings and a decrease in mortgage holdings. In 1929 mortgages made up the largest single investment item, 42 per cent of total investments, while Government bonds were only 2 per cent of the total. By the end of 1939, mortgages accounted for only 19 per cent, Government bonds for 18 per cent.

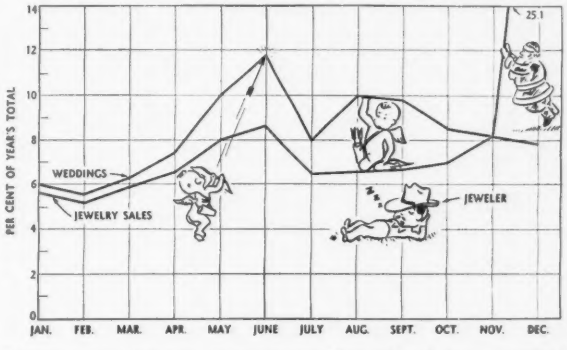
Perhaps partly because of a concern lest the Government bond proportion should become too large, perhaps partly because of a mounting cash reserve, there has been a notable tendency to increase investments in other items. About one-fifth of total new investments in 1939 were made in real estate mortgages, more than one-third in stocks and bonds, and about 8 per cent in State and local government bonds. The other one-third, invested in U. S. Government bonds, represented a slight decrease in comparison with other recent years; the annual increase in dollar volume of investment in Federal obligations has been getting smaller since 1936. The difficulty in finding satisfactory outlets for an average flow of $10,000,000 a day, the report suggests, may lead insurance companies to adopt a more liberal investment policy with regard to mortgages and other types of government and industrial obligations.



NEW INVESTMENTS OF LIFE INSURANCE COMPANIES—*1939 versus 1934—Federal Home Loan Bank Board—New investments in mortgages, stocks, and bonds represented a larger part of the total in the later year than in the earlier one, while all types of Government bonds made up a smaller proportion in 1939 than in 1934.*

Weddings and Jewelry Sales

THE TRADITIONAL BELIEF that most weddings take place in the month of June received a rude blow at the hands of a *Jewelers' Circular-Keystone* survey. May, August, and September were the chief competing months last year, and the total weddings in the two later months almost equalled those in May and June. These four months accounted for 42 per cent of the marriages celebrated during the year.



WEDDINGS AND JEWELRY SALES—*1939—Chart adapted from "Jewelers' Circular Keystone"—Jewelry sales reach a much higher peak at Christmas time than at the June wedding peak, but jewelers feel that they should corner more wedding business than they do in August and September.*

Surprisingly enough, nine of the fifty largest cities in the United States found that more marital knots were being tied in the dead of Winter than in the Spring. December was the peak month in 1939 for marriage licenses in Indianapolis, Houston, Atlanta, Birmingham, Providence, San Antonio, Oklahoma City, Richmond, and Fort Worth. Weddings vied for attention with the double Thanksgiving in Toledo, for in that city more marriage licenses were issued in November than in any other month. More brides blushed in May than in June in three of the four largest cities—New York, Philadelphia, and Detroit.

This was all by way of pointing out to jewelers and other merchants that they were missing out on a lot of wedding business—in silver, crystal, jewelry, china, giftwares, furniture, household appliances, real estate, flowers, gowns, pastries, linens, etc.,—by concentrating promotional attacks on prospective brides and grooms in May and June.

HERE *and* THERE *in* BUSINESS

WHAT'S NEW AS OBSERVED BY THE AGENCY'S REPORTERS

Cuts—Thirty-two dollars, the insurance director for United Cigar-Whelan Stores Corporation told a meeting sponsored by the Greater New York Safety Council, is the average cost for every cut suffered by an employee. According to another speaker, "taking chances" will result in an average of one accident in 300 risky acts. Trouble is, there's no telling whether chance number 21 or 300 will introduce a man to bandages.

Freights—There are about 1,630,000 freight cars in the country, three-quarters of the number available in 1932. The greatest proportion are box cars, with an average economic life of twenty years.

Although there are still wooden box cars in use, many have been changed to steel. A recent program of the Louisville & Nashville Railroad Company converted 1,000 at a speed of one every 37 minutes.

For the past five years, cars made of a lightweight steel have been undergoing trial. By now about 1 per cent of all freight cars are of this newer type. The principal roads owning them, according to records of the Association of American Railroads, are the Union Pacific; Chicago, Milwaukee, St. Paul & Pacific; Bessemer & Lake Erie; Elgin, Joliet & Eastern; and Union Railroad, of Pittsburgh, Pennsylvania.

A car of light steel weighs one-fifth less than the older type, effecting a weight decrease of four or five tons. The annual saving because of this has been judged by a Canadian road at $18 for each ton of deadweight eliminated; but at American Car & Foundry Company it is said that $15 would be a safe, conservative estimate. The saving varies with road grades and types of motive power.

Technological—If you discuss technological unemployment with the average citizen, sooner or later he's pretty sure to arrive at, "Look what happened to workers in the carriage business due to the automobile."

Now the answer to that is not as unfavorable for the last five years as it was earlier. The carriage-making trade may be stunted, but in the last decade its craft-wise artisans have been more and more in demand for special truck-body work.

Exactly how many wage-earners in special body plants all over the country are old-time carriage makers is anyone's guess. The census lumps them in a general figure with mass production body workers. But there's no doubt they work on special body jobs as individual craftsmen; no doubt either that their business is growing. In 1938 motor truck factories turned out 19,759 special type trucks; in 1939, 28,143. Back in 1934 their output was 3,740. This includes production of station wagons, funeral hearses (three times as many in 1937 as 1933), ambulances, fire trucks, buses, sales cars. At present there are approximately 1,200 commercial car and truck body builders producing these vehicles in the United States. Practically all are small concerns scattered throughout the country.

Carriages—The last Census of Manufactures in which carriage makers were ahead of the motor car makers was 1904, when there were 77,882 wage-earners in all branches of the carriage and wagon bodies business. At that time there were only 12,049 auto workers; today there are 306,000.

Surprisingly enough, in recent years the carriage, wagon, and sled business has been increasing. (In 1904 sleigh makers had a separate census classification. Now those not making toy sleds are lumped with carriage plants.) According to the 1937 Census of Manufactures, the combined industries employ 1,823 wage-earners, as compared with 1,592 in 1935, 1,407 in 1933, and 1,321 in 1931. The 1937 production of 1,156 sleighs and bobsleds was almost double the 1935 figure; and production of horse-drawn vehicles rose from 30,262 in 1931 to 109,539 in 1937.

Control—Use of photoelectric cells on a four-color, rotogravure press of *The Philadelphia Inquirer* has enabled the newspaper to print one color in register on top of another at high speed without manual adjustments. Waste has been cut from about 7 per cent of the paper to 3 per cent. This effects a saving estimated at $15,000 a year.

Each color unit of the press contains two electric eye, scanning units installed by the General Electric Company. One guards a margin of the rushing paper web, checking register marks which printed with the first color. The other cell scans part of the printing cylinder. Impressions from both meet in a "mixing panel." If they lose alignment, a small pilot motor moves the printing cylinder to restore it.

The web runs through at approximately 1,000 feet a minute. As each color is printed and swiftly dried, the paper may swell or shrink irregularly. Because of this, manual control was necessary previously.

Up—At Rockefeller Center, New York City, a st steel, 10-ton bas-relief for Associated Press, to hang a 30-inch girder. Isamu Noguchi, designer; p casting technique by General Alloys Company, B

Big—Details of the 1940 New York World's Fair's first big, special day were unique even in an arena dedicated to the new and the giant. The day honored International Business Machines Corporation.

For this event the staffs of every IBM plant and branch office in the country (save one just established with new employees) came to the Fair. From San Francisco to Dallas, Florida to Oregon, workers of all degrees boarded trains and, at company expense, journeyed to New York.

Altogether, including wives, there

were more than 10,000 persons who took the trip. They required 19 special trains. In New York they were put up, on the IBM expense sheet, at such fabled resorts as the Waldorf-Astoria, New Yorker, Commodore, and Pennsylvania. They were given ticket books admitting them to the Fair and to such city high-spots as the Empire State Building observation tower. Each book had bound within it $4 worth of travellers' checks for use in restaurants at the Fair.

For these IBM people, Metropolitan Opera stars Lily Pons and Lawrence Tibbett sang at a huge meeting. After IBM day, the visitors had another day to see the city. Then they went back to their trains, found each piece of personal luggage, by some miracle of organization, at their berths.

Steel—In 1916, of the country's 380 rolling mill plants, 58 were operated by steel consumers for their own use (including eight by horseshoe manufacturers). By 1939 only 14 of 375 were consumer-owned.

By 1939, too, ingot producing capacity in the steel business had increased from a 1929 figure of 70,636,000 net tons to 80,951,000. Pepping up old steel furnaces accounted for 4,730,000 net tons of this capacity gain; new plants for 8,658,000. Equipment which produced 3,073,000 net tons annually was scrapped.

One reason for the increased production by old furnaces is the use of more steel scrap and less pig iron as raw material. This reduces the period of time needed to refine the charge into uniform quality steel.

Last year more than 45 per cent of production consisted of light steel; in sheets, strip steel, tin plate, and wire. It was used principally in the consumer goods industries, for such products as automobiles and cans.

Security—Combining features of unemployment insurance, savings, profit-sharing, and old age security, a benefit plan of the International Harvester Company, Inc., took effect last month for 50,000 American and Canadian employees.

Provisions include voluntary savings of up to 10 per cent of a worker's salary; matching payments by the company on one-half of this amount; distribu-

The miracle of the machine that captures a voice! Spencer Tracy, as "Edison, The Man," in M-G-M's picture of the same name, invents the first phonograph.

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tion among all employees of 25 per cent of company earnings in excess of $3 on each share of common stock.

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At retirement, death, discharge for lack of work or physical disability, an employee receives his full account and interest, in cash, annuity, or U. S. Savings Bonds. If discharged for cause, he loses the matching credits on his savings. During unemployment, he may withdraw as much from his account as, when added to Government unemployment compensation and other outside income, will bring the total to three-fifths of his weekly wage.

Pipes—This Spring and Summer a representative of the National Bureau of Standards will be digging up pipe lines in various parts of the country. Purpose is to test coatings applied when the pipes were laid in 1930. There are about 60 different coatings which will be studied. Findings will be reported to the American Petroleum Institute.

Read on the Run—Among infant industries dedicated to doing our disliked duties, list the We-Write-Your-Neglected-Letters Company. Letter-shy New Yorkers phone a few facts to Director Beatrice Mayer, who brews a personal letter à la carte, gracious, condoling, complaining, brimming with filial piety, or smoking with righteous fury.... Liggett Drug Stores are going to stick to drugs and allied lines from now on, found they lose no money by cutting out toys, books, glassware. Meanwhile, Standard Brands is selling grocers photographic film, a development service, and vitamin foods; and a survey last year showed that the super-markets stock drugs, cosmetics, patent medicines, hardware, electric bulbs, and auto oil. Seems as if the retailing worm has turned and has druggists on the hook.

New York City savings banks, rooting to turn a profitable dime, are selling uniform money orders instead of drawing cashiers' checks without charge; and Irving Trust Company offers anyone personal checks upon payment of their face value plus fee.

PRICE CONTROL *by* GOVERNMENT

(Continued from page 14)

extent to which schemes can overcome facts. When the present capitalistic system, with its corollory of free competition, began to take form it might very well have happened if Adam Smith had never been born. Perhaps the most that reformers expect themselves is some cushioning of the extremes in highly flexible prices, as in agriculture, and at least a visible relaxation of those prices that for many good and bad reasons tend to become set or sluggish, as in heavy goods. It is probable that any extensive adjustment in the direction sought could be achieved only at the expense of a violent shaking up of our general system as well as of men's minds. An interminable number of special exceptions, special situations, would have to be carved out of the mass as being too fragile for such an indiscriminating crushing process. To this claim there would probably be fairly general assent.

But when propositions of this sort begin to get a hearing they will usually appear in swarms.

Worriers

Official thinking for example, has by no means run its course, and there are still unexploited ideas deep down in the minds of official worriers over the erratic performance of our modern system. A few months ago Dr. Corwin Edwards, Special Assistant to the Attorney General, was dilating before the American Economic Association on the kinds of steps it might still be necessary to take to restore prices to their rôle of automatic governor. His principal concern at the moment was over the continuing growth of huge enterprises that either through outright domination or through leadership had established the prices for an entire industry.

One of his thoughts was that vigorous prosecution might still succeed in dissolving an octupus here and there, and so permit the impact of equally sized concerns on each other to keep prices down. Concurrently, it was hoped, new industries would under the spur of technology assume a position of rising importance in contrast with the old, in which case new elephantine

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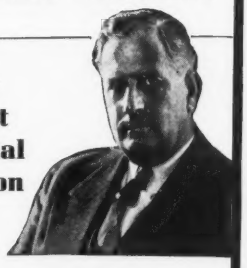
growths could be nipped in the bud. Vigorous pursuit of these objectives should dispense with the necessity of any general public protection against business price policies. But, continued the reasoning, if anti-trust policy were to go by default for any prolonged period, protection through some sort of control seemed likely to become a dominant alternative. The implication was that such an eventuality could arise where industries persisted in making empires out of themselves through abuse, not merely use, of the merger device and of holding companies, as opposed to orderly growth through expansion of bona fide service.

Another Observer

The thinking of Professor Donald Wallace of Williams College, a sometime advisor to various government departments, has gone even further. It starts with the belief that in certain well-set industries, price reductions could obviously promote greater business activity. The only question that is open to him is the means that should be adopted to bring about that result. He does not care much for price-fixing by an administrative commission, because of the probability that it would be rendered ineffective by the united hostility of managements, investors, and labor. Nor does he become enthusiastic over the establishment of government corporations in these unsatisfactory areas, for the purpose of setting up price yardsticks of efficient operation in the manner of the TVA, because of the danger that private enterprise would leave the field entirely or at least be discouraged from entering it. The principal recourses to which he turns therefore, even if only speculatively, are public monopoly in appropriate key industries, and public subsidy to private enterprise in return for experimentation with lower prices.

And generally speaking there are still rumbles of a managed currency keyed to commodity prices. It probably should not be inferred that these ideas have official standing. So far they are personal. But they happen to be personal with men whose thinking on this vital subject is respected. They are offered here principally as samples. They illuminate once again the importance that may ultimately attach to govern-

TIME for
BLITZKRIEG PLANNING



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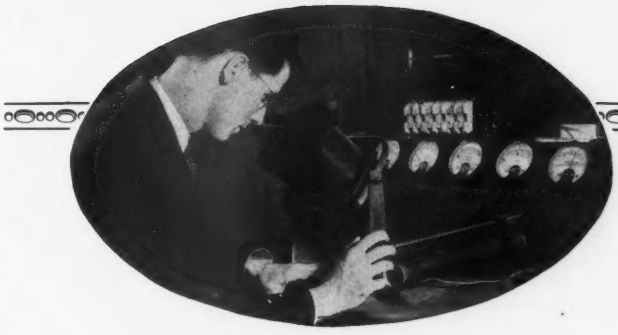
mental conceptions of what price flexibility means to the nation and what industrial price policy ought to be.

In all sobriety, critics of the foregoing type of thinking can admit the reasonableness of prevailing anxiety over prices that do not even speak to each other, without leaping with joy over every corrective that is proposed. Reform is usually like that. The final equation is whether it does more good than harm, or vice versa, not that it will fail to do some of both. It is never pure honey. As long as people have economic systems they are probably going to be unhappy either with plans or without them: the one because of the impossibility of limited finite minds being able to put a living organism together to suit their private tastes, and still have it function; the other because as long as there is misery, there is likely to be experimentation. We will probably always suffer to some extent from either our mistakes or from our excessive zeal in correcting them, and our not too happy choice at each evolutionary level is which kind of error is least costly.

Misfiring of Controls

For it is certain that our efforts to tune up our system through governmental intervention in prices have not always been fortunate. It might be possible to write as severe an indictment of the misfiring of controls as of the business derangements that led to their adoption. Whatever the merits of Federal administration of railroad rates, they have not conformed to the theory in whose name governmental control of prices is especially urged. The rates have been put up in periods of depressed business when ability to pay them was at an ebb, and have gone down again with the return of prosperity and freer spending, when cash money did not matter so much.

Dr. Wallace, in the very moment of anticipating a need for more Federal control over industrial prices, complains that rate reductions by public utility commissions have usually been for the benefit of those who complained the loudest rather than placed where they would do the most good, that is, result in the greatest amount of increased use of power. For that matter the assertion would come close to enjoying common consent that State regu-



Research is radio's road to progress

WORLD WIDE radio communications; national and international broadcasting; radio usefulness in times of peace and in times of national emergency, are all the products of scientific research. Without such research, the American radio industry would be non-existent. Without it, radio's future usefulness would remain unexplored.

Radio research has been the keystone of RCA's operation since 1919. Today, this Company, which is engaged in every field of radio, is following its consistent policy of improving present-day radio services and pioneering in the development of the new.

Three new services in radio now beckon those who would expand radio's usefulness to the public and who would create employment of men and money. They are Facsimile, Frequency Modulation, and Television. Involved in these three new services are the transmission of printed matter and illustrations; the improved transmission of sound services; and the transmission of sight and sound simultaneously through the air. In other words, new and important communication services are now out of the laboratory and ready for use in the interests of education and entertainment, and for the service of industry and commerce.

Research continues, however, to explore the unknown frontiers of space where additional useful radio channels may be created for a thousand and one additional services in the interest of mankind.

RCA continues with 600 research specialists at work constantly improving the old and developing the new. Radio's road to the future is the research road, the road to progress.

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lation of utilities has been sometimes disappointing from an economic standpoint.

Dr. Kreps, now Executive Director of the Temporary National Economic Committee, has similarly commented that rate-making processes usually degenerate into bargaining negotiations between business and government, with the implication that the standards of public interest in which the final agreements result are far from ideal. Dr. Wallace also concludes, after observing the operations of the Bituminous Coal Act and some of the States' efforts to increase milk prices, that "schemes which raise income in a particular area by raising prices there are likely to operate against recovery." He inclined to the belief that where it was desirable to increase the income of particular groups for social reasons it would be better to do it by subsidy than by price manipulation.

It is very evident that governmental price controls take many forms and are designed to serve many different purposes. Sometimes they harmonize, sometimes they quarrel, and some of them have no necessary relationship to each other at all. And yet it is still possible to recognize one driving force that is at least commanding more attention than most of the others. Even proportionately it may not be dramatic, but its potentialities are bigger. Its essence is that prices are, roughly speaking, the gears of our industrial system, and where they do not mesh, too many of the important wheels of commerce spin either idly or not at all. But it is easier to insert new gadgets than to be sure they will not be more of a drain on power than a help. It may be possible to have a perfectly coordinated machine that will not run.

The Nazi system, if it had been allowed to run a natural course, might have provided an example by building so massive a machine that the available power could not keep it turning over. After all there are still things in the world that are automatic. The other day the startling theory was advanced that a hen is merely an egg's way of producing another egg. By the same contrary logic, business mistakes may be nature's way of stimulating business ingenuity, so that each mistake is at least made at a higher level of sound achievement than the one before.

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87 Executives Replied to R. A. Advertisement

The R. A. Company (leasing automobiles for salesmen) ran a one-half page advertisement in the April 1940 issue of DUN'S REVIEW. By May 15 there had been received 87 letters in reply:

Manufacturers	54
Wholesalers	21
Financial (banking, insurance, etc.)	9
All Others	3
Total	87

Forty-five of these companies (other than financial) are rated C+2½ to AAA1 ($125,000 to over $1,000,000).

The titles of corporate officers appeared frequently on the letters:

Presidents, Owners, or Partners	24
Vice-Presidents	9
Secretaries	11
Treasurers	4
General Managers	5
All Others	34
Total	87

For further evidence of reader responsiveness, circulation facts, advertising costs, etc., address the Advertising Department, DUN'S REVIEW.

In short, there is always going to be something wrong, and the eternal problem is to identify in our terrifyingly intricate system the fundamental forces that really make it go and make it stop; and, incidentally, not to let either defects or cures interfere with essential values any more than can be helped. Many business errors may be no more than the by-product of business energy, which must be left free at all costs. Individual laws designed to correct this and that error will always have invisible effects as well as those that can be seen and measured. Some of them may be minor, and worth the cost. Others could be equivalent to the poisoning of good soil through the use of too much fertilizer. Much depends upon each man's idea of what is important, and upon the development of an extraordinary detachment in our personal judgments, which probably is not going to happen.

Truth and Truth

There are all kinds of truth. The truth about costs and profits of different firms and industries, and the reasons for them. The truth about the actual relationship between business size and price paralysis. The truth about the true relationship of price to demand for such items as producers' goods, and whether what they are is or is not more fundamental and natural than what critics think they ought to be. The truth about the relationship of profits to new investment, and of the fundamental forces which quicken the flow of investments and those that render it brackish. The truth about the cause and extent of the maladjustment of industries to each other, and the extent to which price *must* be the sole or master equalizer or may itself be subordinate to other considerations.

Everyone has different experiences with these relationships, some from the standpoint of personal responsibility for the running of a business, some from their proper study of perspective and of the relation of all businesses to each other and to the system as a whole. Each has hold of a different part of the truth, and is naturally most impressed by the part to which he is closest. So he acts in ways which the holders of other parts of the truth disapprove, and sometimes it is an incredibly wise man who knows the heft of the whole.

GOOD BUSINESS NEWS

Financing Cost Easily Offset By Savings

CALIFORNIA

After using open account financing for four months, this client writes: "We are very much pleased. By discounting our receivables we are able to take advantage of discounts offered us by suppliers, and cut down our purchasing costs . . . The cost of your service is very nominal and can be absorbed easily by the saving obtained."

DELAWARE

OPEN ACCOUNT FINANCING SUFFICIENT—NO BANK LOANS

This concern says: "Your service is dependable. We receive our checks on just the days that we need them. The dispatch of our receivables has enabled us to get our money in this manner instead of from the banks. We do not have any bank loans at all. We depend entirely upon your service."

First Quarter Results Show Increased Volume

OREGON

Sceptical at first, of the benefits, this client decided to try our service. Here is the first report: "Checking results for the first quarter of 1939 we find that the volume we have been able to transact has increased considerably, due in no small degree to your very efficient handling of our invoices . . . We were somewhat dubious, but do not hesitate to say now that we are thoroughly sold on this form of financing."

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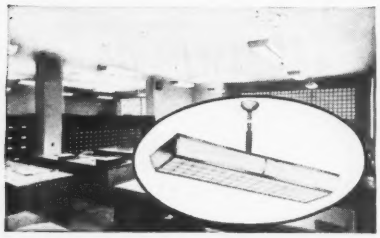

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OVER THE EDITOR'S DESK

CONTRIBUTORS . . . COMING NEXT MONTH

PLANNED before the revival of the Council of National Defense, before it was so surely apparent that an increase in skilled labor was becoming a national necessity, William F. Patterson's article on apprenticeship (pages 5-8) has been made even more timely by recent developments.

Apprenticeship is a subject that Mr. Patterson knows well, from twenty years' experience. Successively, in public employment service, in State apprenticeship supervision, in industrial relations management, in the direction of vocational education, and in occupational guidance, Mr. Patterson's major activity has been assisting, developing, and operating apprenticeship programs in virtually every skilled trade and every part of the country.

FOR ten years, from 1917 to 1926, L. D. H. Weld (pages 15-20) was consulting economist for Swift & Company. Since then he has been McCann-Erickson's Director of Research. He has taught economics and marketing at the Universities of Washington, Minnesota, Pennsylvania, and Yale. Each month he is the contributor of the regional trade barometer statistics (pages 28-33).

For readers who wish more data about the barometers four sets of information are available: the index figures for the United States and the 29 regions extended back to January, 1928, corrected for seasonal variation; the same figures *uncorrected*; a reprint of an article describing the construction of the indexes and suggesting ways in which they may be used; and a list of the counties which make up each of the 29 regions.

A FAMILIAR name to readers of articles on laws, taxes, and economic forces which affect business, a familiar face to many more who have heard him speaking from trade meeting platforms, Edwin B. George (pages 9-14) is an economist at DUN & BRADSTREET, INC.

FORMER business magazine editor, Arthur H. Little *(War Cries of Business)* is now a free-lance advertising consultant. Mr. Little contributed in April *All This—and a Premium Too.*

OBSCURED though they may be by news from abroad and by the attention being devoted to plans for national defense, other national problems—internal ones which held so much page-one space only a few months ago—are surely still with us.

Can we, for example, provide for relief families better food and more clothing? If we are to have agricultural surpluses, can we do better than plough them back into the ground? Can a program like the Food Stamp Plan go far in answering either of these questions, either temporarily or permanently?

In next month's issue, economist George R. Taylor will discuss such questions as these and others directly related to that year-old, rapidly-expanding activity of the Federal Surplus Commodities Corporation, the Food Stamp Plan.

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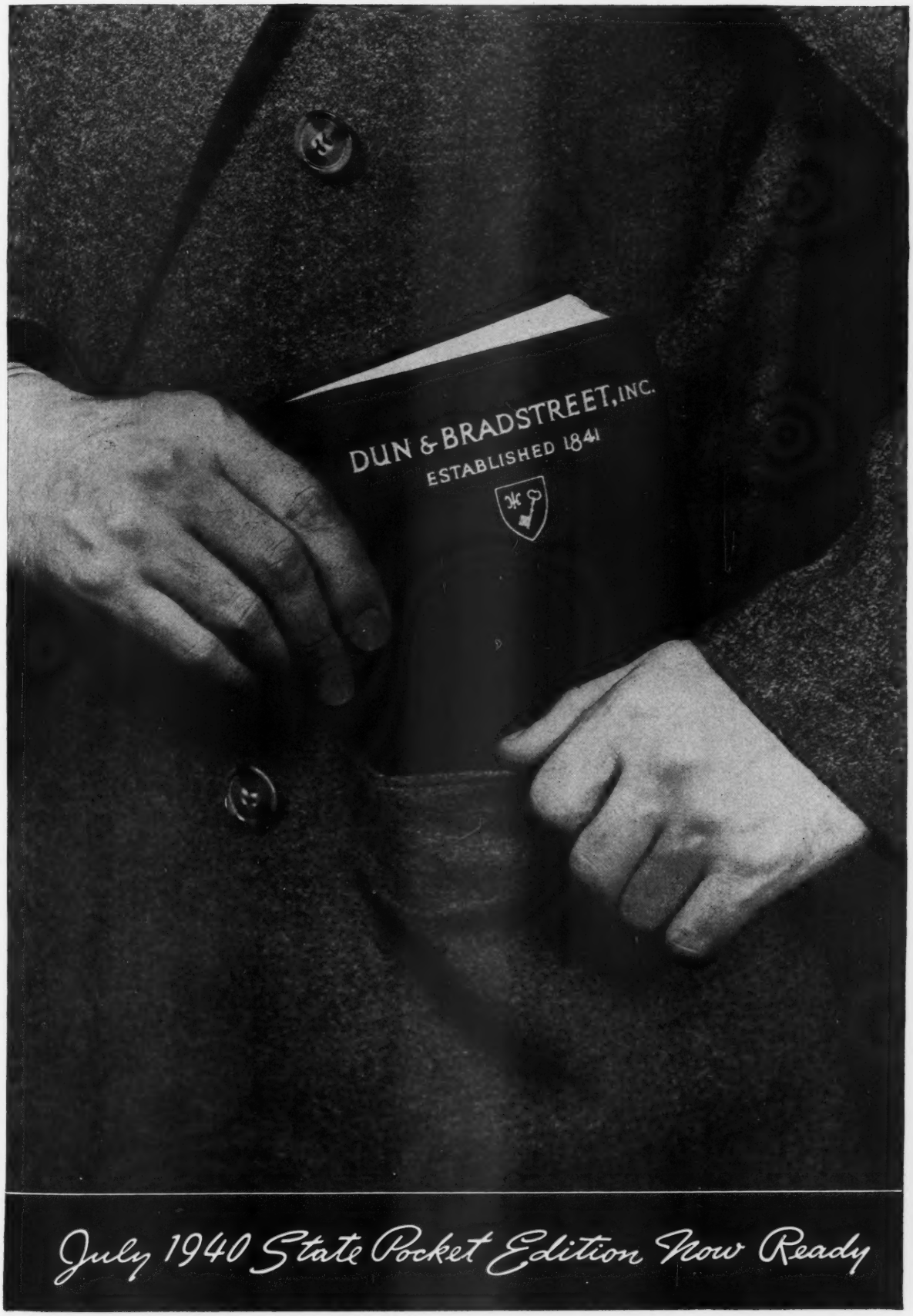
More detailed breakdowns of those statistical data originally compiled by the publishers—business failures, bank clearings, building permits, and price indexes which are summarized and interpreted each month in DUN'S REVIEW (see pages 34-37)—are published monthly in DUN'S STATISTICAL REVIEW, tables only, no text, $1 a year; $2 outside the United States.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ADVISORY COMMISSION TO THE COUNCIL OF NATIONAL DEFENSE: RALPH BUDD, EDWARD R. STETTINIUS, JR., WILLIAM S. KNUDSEN, MISS HARRIET ELLIOTT, LEON HENDERSON, CHESTER C. DAVIS, WILLIAM H. MCREYNOLDS, WITH PRESIDENT ROOSEVELT (SIDNEY HILLMAN NOT PRESENT)—PHOTO BY HARRIS & EWING

CIVIL SERVANTS

THE SPLENDID way in which certain business executives have dropped their private responsibilities to become public officials for the duration of the emergency, again raises an old problem. Why doesn't the Government already have such men in its personnel?

One very practical reason is that the disparity is still too great between salary scales in the Government and in private life. To be sure, a few posts in the excutive department of the Government pay as much as $10,000 per year. Bureau chiefs, in charge of payrolls of several millions and with great responsibility, now usually receive at least $8,000. But in private industry there are several hundreds whose salaries exceed that of the President of the United States, and thousands with salaries above those of his immediate subordinates.

It is unfortunate that the Government must obtain its top personnel almost exclusively by asking individuals to make personal sacrifices. Fortunately, many are willing to do so, especially in emergencies. But the fundamental problem of Government personnel goes back to two forms of the same proposition, that one gets what he pays for, and that one should pay for what he gets.

Willard L. Thorp.

EDITOR